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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2006

HIGHLIGHTS

- Revenue surged 30.1% to HK$243 million
- Profit for the year increased by 29.9% to HK$13 million
- Earnings per share also posted strong growth of 29.8% to HK6.1 cents per share

The Board of Directors (the "Board") of United Metals Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group" or "United Metals") for the year ended 31st December, 2006, as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31st December,	
		2006	2005
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**242,831**	186,621
Cost of sales		**(202,042)**	(158,105)
Gross profit		**40,789**	28,516
Other income	*4*	**705**	698
Selling and distribution expenses		**(9,986)**	(5,573)
Administrative expenses		**(13,641)**	(12,624)
Impairment loss on goodwill		**(685)**	–
Finance costs		**(1,367)**	(285)
Other expenses		**(1,645)**	(182)
Profit before taxation		**14,170**	10,550
Income tax expense	*5*	**(754)**	(221)
Profit for the year	*6*	**13,416**	10,329
Earnings per share – basic	*7*	**HK6.1 cents**	HK4.7 cents

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET

	Notes	As at 31st December, **2006** *HK$'000*	2005 *HK$'000*
Non-current assets			
Property, plant and equipment		**111,932**	89,946
Prepaid lease payments		**6,285**	6,418
Goodwill		**–**	685
Available-for-sale investments		**1,438**	1,386
Deposits paid for acquisition of property, plant and equipment		**6,738**	7,867
		126,393	106,302
Current assets			
Inventories		**41,328**	35,668
Trade and other receivables and prepayments	*8*	**57,404**	50,872
Prepaid lease payments		**133**	133
Investments held for trading		**–**	461
Taxation recoverable		**–**	94
Bank balances and cash		**31,348**	18,134
		130,213	105,362
Current liabilities			
Trade and other payables and accruals	*9*	**30,680**	30,313
Taxation payable		**390**	359
Unsecured bank loans – due within one year		**14,000**	2,640
		45,070	33,312
Net current assets		**85,143**	72,050
Total assets less current liabilities		**211,536**	178,352
Non-current liabilities			
Unsecured bank loans – due after one year		**17,466**	2,060
Deferred tax liabilities		**983**	938
		18,449	2,998
Net assets		**193,087**	175,354
Capital and reserves			
Share capital		**2,200**	2,200
Reserves		**190,887**	173,154
Equity attributable to equity holders of the parent		**193,087**	175,354

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standard, amendments and new interpretations (the "new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new HKFRSs had no material effect on how the results 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 standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC)-Int 8	Scope of HKFRS 2[4]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[5]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[6]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[7]
HK(IFRIC)-Int 12	Service Concession Arrangements[8]

1 Effective for annual periods beginning on or after 1st January, 2007
2 Effective for annual periods beginning on or after 1st January, 2009
3 Effective for annual periods beginning on or after 1st March, 2006
4 Effective for annual periods beginning on or after 1st May, 2006
5 Effective for annual periods beginning on or after 1st June, 2006
6 Effective for annual periods beginning on or after 1st November, 2006
7 Effective for annual periods beginning on or after 1st March, 2007
8 Effective for annual periods beginning on or after 1st January, 2008

3. Revenue and segmental information

Revenue represents the net amounts received and receivable for goods sold, net of returns, to outsiders during the year.

Business segments

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

	Revenue For the year ended 31st December,		Segment Results For the year ended 31st December,	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Aluminium parts	**219,842**	171,863	**15,548**	10,679
Zinc parts	**17,727**	10,825	**899**	705
Magnesium parts	**4,870**	3,600	**329**	149
Others	**392**	333	**8**	4
	242,831	186,621	**16,784**	11,537
Income from available-for-sale investments			**30**	30
Income from investments held for trading			**–**	139
Interest income			**275**	104
Unallocated corporate expenses			**(1,552)**	(975)
Finance costs			**(1,367)**	(285)
Profit before taxation			**14,170**	10,550

Geographical segments

The Group's revenue analysed by geographical markets are as follows:

	For the year ended 31st December,	
	2006	2005
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC") including Hong Kong	**86,591**	75,200
North America	**80,235**	44,693
Europe	**56,717**	54,684
Others	**19,288**	12,044
	242,831	186,621

4. Other income

	For the year ended 31st December, 2006 HK$'000	2005 HK$'000
Included in other income are the following:		
Dividend income from unlisted available-for-sale investments	**30**	30
Dividend income from listed investments held for trading	**–**	46
Exchange gain	**400**	–
Gain on disposal of investments held for trading	**–**	26
Interest income	**275**	104
Gains on change in fair value of listed investments held for trading	**–**	67

5. Income tax expense

	For the year ended 31st December, 2006 HK$'000	2005 HK$'000
Current tax:		
Hong Kong Profits Tax		
Current year	**425**	120
Overprovision in previous years	**(12)**	–
	413	120
Taxation in other jurisdictions		
Current year	**296**	359
Overprovision in previous years	**–**	(303)
	296	56
	709	176
Deferred tax:		
Current year	**45**	45
Taxation attributable to the Group	**754**	221

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the year.

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"), 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 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 in the year of 2004 and thereafter is 24%.

Pursuant to the relevant laws and regulations in the PRC, Dongguan United is entitled to a 50% reduction in tax rate in the year of 2006 as over 70% of Dongguan United's turnover is for export purpose. Accordingly, the tax rate for the year of 2006 is 12% (2005:12%).

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 24%. No provision for taxation has been made for United Castings.

No provision for taxation has been made for United Shanghai as the company had no assessable profit for the year.

6. Profit for the year

	For the year ended 31st December,	
	2006	2005
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**5,675**	5,665
Other staff costs	**49,715**	41,952
Retirement benefit schemes contributions	**1,663**	748
Total staff costs	**57,053**	48,365
Amortisation of prepaid lease payments	**133**	77
Less: Amount capitalised in construction in progress	**(133)**	(77)
	–	–
Auditors' remuneration	**628**	673
Cost of inventories recognised as expense	**202,042**	158,105
Depreciation	**14,547**	13,016
Exchange loss	**–**	915
Loss on disposal of investments held for trading	**18**	–
Loss on disposal of property, plant and equipment	**199**	4
Operating lease charges on land and buildings	**3,143**	2,928

7. Earnings per share

The calculation of the basic earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	For the year ended 31st December,	
	2006	2005
	HK$'000	*HK$'000*
Profit for the year	**13,416**	10,329
Number of shares in issue for the purpose of basic earnings per share	**220,000,000**	220,000,000

No diluted earnings per share has been presented as there was no potential dilutive ordinary shares outstanding during the year.

8. Trade and other receivables and prepayments

The Group generally allows a credit period of 30 to 90 days to its trade customers. An aged analysis of trade receivables at the balance sheet date is as follows:

	As at 31st December, 2006	2005
	HK$'000	*HK$'000*
Trade receivables		
Not yet due	**30,342**	24,023
Overdue 0 to 30 days	**13,978**	13,111
Overdue 31 to 60 days	**4,137**	6,261
Overdue 61 to 90 days	**1,074**	479
Overdue 91 to 120 days	**813**	336
Overdue more than 120 days	**1,370**	634
	51,714	44,844
Other receivables		
Deposits paid	**2,345**	3,502
Others	**2,756**	2,300
	5,101	5,802
Prepayments	**589**	226
	57,404	50,872

The fair value of the Group's trade and other receivables and prepayments at the balance sheet date approximated to the corresponding carrying amount.

9. Trade and other payables and accruals

An aged analysis of trade payables at the balance sheet date is as follows:

	As at 31st December, 2006	2005
	HK$'000	*HK$'000*
Trade payables		
Not yet due	**2,595**	4,513
Overdue 0 to 30 days	**4,230**	1,809
Overdue 31 to 60 days	**242**	87
Overdue 61 to 90 days	**132**	1
Overdue 91 to 120 days	**22**	32
Overdue more than 120 days	**288**	153
	7,509	6,595
Other payables		
Accruals	**20,023**	17,395
Deposits received	**3,148**	6,323
	23,171	23,718
	30,680	30,313

The fair value of the Group's trade and other payables and accruals at the balance sheet date approximated to the corresponding carrying amount.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Industry outlook

In 2006, demand worldwide for metal die casting components grew at a healthy rate. With globalization leading to the People's Republic of China (the "PRC") becoming the manufacturing base for the world and production of the automotive industry increasing, the PRC metal die casting industry is expected to see continued robust growth. The market potential for this industry is further heightened when the increasingly important weight-reducing characteristics of die casting automotive parts is coupled with the expected growth of automobile production worldwide. As a result, it is not surprising that according to data from the Hong Kong Productivity Council, global die casting output is expected to increase from about 8 million tons in 2005 to approximately 12 million tons in 2010.

Business review

For the year ended 31st December, 2006, the business growth of United Metals was extremely promising. Turnover increased by 30.1% year-on-year to approximately HK$242,831,000 while profit for the year surged by 29.9% to HK$13,416,000, resulting in earnings per share reaching HK6.1 cents as compared to HK4.7 cents in 2005. The remarkable figures across the board were mainly attributable to an aggregate increase in customer orders and further streamlining of the Group's operations.

Aluminium alloy die casting components remain as the core profit contributor of the Group, accounting for approximately 90.5% of the total turnover. Besides aluminium, the zinc and magnesium alloy die casting components of United Metals contributed 7.3% and 2.0% respectively towards total turnover.

By aggressively exploring new business opportunities and diligently implementing a variety of cost-control measures, the Group successfully increased manufacturing efficiency in 2006. To retain its market-leading position in the coming year, United Metals will continue to rely on its proven business model, streamlined production procedures and dedicated workforce in order to implement strategies and production techniques that continue to deliver first-class quality assembled components to its customers.

Operational review

As a globally renowned, fully vertically integrated, PRC-based die caster for both domestic and overseas customers, United Metals was able to impressively increase the Group's total turnover and profit in 2006. With demand worldwide for top quality metal die casting components set to rise unabated in the coming years, the Group has undertaken a number of initiatives to not only fully capture the opportunities arising from this demand but to further expand the business scope of United Metals as well.

Enhanced production capacity

To cater to the fast-growing demand for automotive parts in PRC, the Group is currently constructing new production facilities in Shanghai for the provision of die casting services to various manufacturers. The new facility was expected to be completed in the first half of 2006, however, the schedule will be postponed as a result of the dispute with the contractor. The Group is in the view that the dispute will be solved through legal action and the facilities will expect to commence operations in 2007.

The Shanghai production facilities are expected to boost the annual production capacity of United Metals by 2,000 metric tons in their first two years of operation. This will be subsequently increased to 5,000 metric tons annually from the third year up to the fifth year. Also, the Group will increase production capacity in the Dongguan factory. The Group is currently in negotiations to secure more substantive customer orders so as to fully utilize this increased production capacity in future. The Group already allocated HK$12,000,000 for the capital expenditure in 2007.

Product diversification and technological advancement
United Metals, in line with its position as a leading die caster, is fully committed to providing its extensive customer base with a diverse range of quality product offerings that utilize aluminium, zinc and magnesium alloys. As aluminium alloy die casting components in particular remain widely applicable across a host of industries, they continue to be the core income contributor of the Group, which was also able to increase the sales of molds by 25.0% and secure more orders from its existing clientele in 2006.

To stay ahead of the competition and provide increasingly more value-added services to customers, United Metals also strives for continual technological advancement. In this regard, the Group allocated more resources towards research and development in 2006, achieving prominent results. In addition, product quality has been further improved because of the Group's decision to utilize the latest in vacuum and pressurized die casting technologies.

Diversified clientele
In addition to substantially increasing orders from existing clientele, the Group is relentlessly pursuing its strategy of enlarging the customer base in terms of both the number of clients and the industry sectors that they represent. To this end, several new contracts from automotive manufacturers and consumer electronics manufacturers have been secured. The Group works closely with automotive manufacturers in particular to jointly develop new products by using the latest technologies available.

Future strategies
Looking ahead, it is obvious that United Metals is perfectly positioned to take full advantage of its status as a globally renowned, fully vertically integrated, PRC-based die caster, especially since the PRC is becoming the world's manufacturing base for this industry and global demand for die casting components is growing unabated.

By capitalizing on its geographical advantage and healthy financial position, the Group will continue to implement stringent cost-control measures to minimize any effects caused by high raw material prices. In addition, United Metals will remain focused on diversifying its range of quality products and incorporating the latest in technological advancements in order to attract new clientele and thus further diversify its customer base.

In the long term, the Group fully recognizes that besides further streamlining its operations, it must continue to accelerate its pace of development so as to fully capture the opportunities arising, particularly from the automotive industry and international industrial companies that have manufacturing bases in the PRC.

Employees and remuneration policies
As at 31st December, 2006, the Group employed approximately 2,349 full-time employees (At 31st December, 2005: 2,280) of whom 19 were based in Hong Kong (At 31st December, 2005: 20) 2,330 were based in the Group's factories in Dongguan, PRC (At 31st December, 2005: 2,260). Total staff cost incurred during the year amounted to approximately HK$57,053,000 (2005: HK$48,365,000).

Remuneration policies and packages for the Group's employees are based on their performance, working experiences and condition prevailing in the industry. In addition to basic salaries, retirement schemes and medical schemes, discretionary share options and performance bonuses to eligible staff are according to the financial results of the Group and the performance of individual employees. To raise work quality and management abilities of its employees, the Group provides job rotation, in-house training and external training courses to employees.

Liquidity and financial resources
As at 31st December, 2006, total bank borrowings was HK$31,466,000 (At 31st December, 2005: HK$4,700,000), of which HK$14,000,000 (At 31st December, 2005: HK$2,640,000) would be due within one year and HK$17,466,000 (At 31st December, 2005: HK$2,060,000) would be due after one year. The bank borrowings are denominated in Hong Kong dollars and United States dollars, and bear interest at rates calculated with reference to Hong Kong Interbank Offered Rate ("HIBOR") and London Interbank Offered Rate ("LIBOR") plus basis.

The Group had a net current assets amounting to HK$85,143,000 (At 31st December, 2005: HK$72,050,000) and a current liabilities of HK$45,070,000 as at 31st December, 2006 (At 31st December, 2005: HK$33,312,000). Stock turnover days decreased to 70 days as at 31st December, 2006 from 77 days as at 31st December, 2005. Debtors' turnover days was decreased from 88 days as at 31st December, 2005 to 78 days as at 31st December, 2006.

Capital expenditures on plant, equipment, leasehold improvements and construction in progress totalled HK$34,621,000 in 2006 (2005: HK$18,913,000), of which HK$18,261,000 (2005: HK$3,461,000) was related to the construction cost of the new manufacturing plant situated in Shanghai, the PRC. Furthermore, HK$31,268,000 (At 31st December, 2005: HK$41,667,000) was committed as at 31st December, 2006 to purchase additional property, plant and equipment, and all was contracted for but not provided in financial statements (2005: HK$7,629,000 was contracted for but not provided in financial statements and HK$34,038,000 was authorized but not contracted for).

Net cash generated from operations amounted to HK$19,694,000 (2005: HK$19,879,000). The Group's cash on hand and bank balances increased from HK$18,134,000 as at 31st December, 2005 to HK$31,348,000 as at 31st December, 2006. The increase was mainly a result of the raising of new bank loan.

Total shareholders' funds increased from HK$175,354,000 as at 31st December, 2005 to HK$193,087,000 as at 31st December, 2006, as a result of HK$13,416,000 of the current year profit being retained.

As at 31st December, 2006, the gearing ratio, in terms of total debts to total assets, increased to 0.25 (At 31st December, 2005: 0.17).The increase was mainly a result of financing the new manufacturing plant construction and expansion of production facilities.

Acquisitions and disposals of subsidiaries and associated companies
There was no material acquisitions and disposals of subsidiaries and associated companies for the year ended 31st December, 2006.

Exposure to foreign exchange risk
The Group's income and expenditure of raw materials and manufacturing cost 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 year, 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 measures 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 material significant change in the capital structure of the Group since 31st December, 2005.

Charge on assets
There was no charge on the Group's assets for the year ended 31st December, 2006 (2005: Nil).

Contingent liabilities
A subsidiary has been named as a defendant in a District Court action in the PRC in respect of an alleged breach of contractual undertakings for an amount of HK$4,074,000. The subsidiary and its legal counsel are strongly resisting this claim and, accordingly, no provision for any potential liability has been made in the consolidated financial statements.

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

During the year ended 31st December, 2006, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st December, 2006 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions laid down in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31st December, 2006, except that (i) for code provision E.1.2, the chairman, Mr. Thomas Lau, Luen-hung was unable to attend the Company's annual general meeting on 12th June, 2006 due to other commitment and (ii) for code provision A.4.1, in respect of service term of non-executive directors where non-executive directors are required to be appointed for a specific term and be subject to re-election.

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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all the directors, all the 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.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

AUDIT COMMITTEE

An audit committee has been established by the Company for the purpose of reviewing and providing supervision on the financial reporting system, internal control procedures and risk management and maintaining good and independent communications with the management as well as external auditors of the Company. 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. The Group's annual report for the year ended 31st December, 2006 as well as the accounting principles and practices have been reviewed by the audit committee.

REMUNERATION COMMITTEE

In accordance with the requirements of the Code, a remuneration committee has been established by the Company to consider the remuneration of the 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.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement will be published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkex.com.hk). An annual report for the year ended 31st December, 2006 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange in due course.

APPRECIATION

The directors 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, 13th April, 2007

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.

"Please also refer to the published version of this announcement in The Standard."