



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)

LITIGATION INVOLVING A SUBSIDIARY OF THE COMPANY

United Shanghai has received a copy of the appeal by Baosteel dated 30 October 2008 against the said Judgement. United Shanghai has on the same date sought an appeal against the said Judgement. Both the appeals have yet to be determined by the Second Intermediate People's Court of Shanghai.

Further to the Company's announcement on 31 October 2008 ("**Announcement**"), United Metal Products (Shanghai) Co. Ltd. (科鑄金屬制品(上海)有限公司#) ("**United Shanghai**"), an indirect wholly-owned subsidiary of the Company, has on 6 November 2008 received a copy of the appeal dated 30 October 2008 by Shanghai Baosteel Engineering & Construction Corp. (上海寶鋼工程建設總公司#) ("**Baosteel**") to the Second Intermediate People's Court of Shanghai against certain part of the judgement granted by the People's Court of Shanghai Municipality Jiading District on 17 October 2008 under the paper of civil judgment ((2007) Jia Min Yi (Min) Chu Zhi No. 744) ("**said Judgement**"). All capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless the context otherwise requires.

Baosteel has sought an appeal for:

- (1) the withdrawal of the second order in the said Judgement and sought an order against United Shanghai for the sum totalling to RMB4,349,719 being the construction costs of RMB3,870,777 and the loss of profits in relation to future construction of RMB478,942; and
- (2) the withdrawal of the third order in the said Judgement and sought an order against United Shanghai for the sum of RMB3 million being the penalty for breaching the Contract.

As announced in the Announcement, United Shanghai has appealed against the said Judgement on 30 October 2008. United Shanghai has sought an appeal for:

- (1) the withdrawal of the second order in the said Judgement and sought an order that United Shanghai should only be liable for RMB2,990,558 as the construction costs upon satisfactory documentary evidence received by United Shanghai on the completion of the construction and that the quality of construct has been approved pursuant to the conditions of inspection for acceptance;
- (2) the withdrawal of the third order in the said Judgement and sought an order that the order against United Shanghai for the sum of RMB1.5 million, being the penalty for breaching the Contract, be dismissed; and

- (3) the withdrawal of the fourth order in the said Judgement and sought an order for the reinstatement of the counterclaims by United Shanghai against the Plaintiff for the sum of RMB2.1 million, being penalty for breaching the Contract, and for an order to terminate the supplemental agreement to the Contract.

Both the above appeals have yet to be determined by the Second Intermediate People's Court of Shanghai.

Further announcement will be made in due course should any material developments take place in relation to the abovementioned litigation.

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

Hong Kong, 6 November 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, and Mr. Lee Tho Siem, Mr. Wang Jianguo and Mr. Loke Yu, alias Loke Hoi Lam as independent non-executive directors, and Mr. Wong Wing Sing as non-executive director.

For identification purpose only.