THIS COMPOSITE OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Offer or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in United Metals Holdings Limited, you should at once hand this Composite Offer Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Offer Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

CNNC OVERSEAS URANIUM HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)

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)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO AN UNCONDITIONAL MANDATORY CASH OFFER BY

CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF CNNC OVERSEAS URANIUM HOLDING LIMITED TO ACQUIRE ALL THE SHARES IN UNITED METALS HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR ACQUIRED BY CNNC OVERSEAS URANIUM HOLDING LIMITED AND THE PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to
CNNC Overseas Uranium Holding Limited

Financial Adviser to
United Metals Holdings Limited

Independent Financial Adviser to the Independent Board Committee of
United Metals Holdings Limited

博大資本國際有限公司
Partners Capital International Limited

A letter from CCB International Capital Limited containing, amongst other things, details of the terms of the Offer is set out on pages 8 to 18 of this Composite Offer Document.

A letter from the Board is set out on pages 19 to 26 of this Composite Offer Document.

A letter from the Independent Board Committee containing its recommendation to the holders of Disinterested Shares is set out on pages 27 to 28 of this Composite Offer Document.

A letter from the Independent Financial Adviser, containing its opinion on the Offer and its advice to the Independent Board Committee and the holders of Disinterested Shares is set out on pages 29 to 45 of this Composite Offer Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Wednesday, 3 December 2008 or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements of the Takeovers Code.

* *For identification purpose only*

12 November 2008

CONTENT

	Page
EXPECTED TIMETABLE	ii
DEFINITIONS	1
PART I: LETTER FROM CCBIC	8
PART II: LETTER FROM THE BOARD	19
PART III: LETTER FROM THE INDEPENDENT BOARD COMMITTEE	27
PART IV: LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	29
APPENDIX I — FURTHER TERMS OF THE OFFER	I-1
APPENDIX II — FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1
ACCOMPANYING DOCUMENT: FORM OF ACCEPTANCE	

	Date
Despatch date of this Composite Offer Document and the commencement of the Offer *(Note 1)*	Wednesday, 12 November 2008
Latest time and date for acceptance of the Offer	4:00 p.m. on Wednesday, 3 December 2008
Closing Date of the Offer *(Note 2)*	Wednesday, 3 December 2008
Announcement of the results of the Offer published on the Stock Exchange's website	by 7:00 p.m. on Wednesday, 3 December 2008
Latest date for posting remittances for amounts due in respect of valid acceptances received under the Offer *(Note 3)*	Saturday, 13 December 2008

Notes:

1. The Offer is made on Wednesday, 12 November 2008, being the date of posting of this Composite Offer Document, and is capable of acceptance on and from that date until the Closing Date.

2. The Offer, which is unconditional, will be closed on Wednesday, 3 December 2008 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptances tendered after 4:00 p.m. on Wednesday, 3 December 2008 will only be valid if the Offer is revised or extended before 7:00 p.m. on Wednesday, 3 December 2008. The Offeror reserves the right to extend the Offer in accordance with the Takeovers Code. If the Offeror decides to extend the Offer, an announcement will be made stating the next closing day or that the Offer will remain open until further notice, in which case at least 14 days' notice in writing will be given to those Shareholders who have not yet accepted the Offer before the Offer is closed. For further details, please refer to the paragraph headed "2. Acceptance Period and Revisions" in Appendix I to this Composite Offer Document.

3. The Offer is unconditional. Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in Rule 19.2 of the Takeovers Code. Remittances in respect of the cash consideration for the Shares tendered under the Offer will be despatched to the accepting holders of Disinterested Shares by ordinary post at their own risk as soon as possible, but in any event within 10 days from the date of receipt by the Registrar of all the requisite documents from the holders of Disinterested Shares accepting the Offer. Please refer to the paragraph headed "4. Right of Withdrawal" in Appendix I to this Composite Offer Document for further information on the circumstances when the Offer may be granted a right of withdrawal.

Unless otherwise expressly stated, all time and date references contained in this Composite Offer Document refer to Hong Kong times and dates.

In this Composite Offer Document, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the meaning ascribed to it in the Takeovers Code;
"Agreement"	the agreement in respect of the Share Purchase, the Share Subscription and the CN Subscription dated 4 June 2008;
"Announcement"	the announcement dated 23 June 2008 relating to, inter alia, the Agreement, the Offer, the Service Agreements and the proposed change of the company name issued jointly by the Offeror and the Company;
"associate"	has the meaning ascribed to it in the Takeovers Code;
"Board"	the board of directors of the Company;
"Business Day"	a day (excluding Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong and the PRC;
"BVI Holdco"	United Non-Ferrous (Overseas) Limited, a direct wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
"BVI Holdco Group"	BVI Holdco and its direct or indirect subsidiaries as at the date of the Agreement and such other future direct or indirect subsidiaries of BVI Holdco as may be approved by its board of directors;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"CCBIC"	CCB International Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror. The directors of CCBIC are Mr. Lee Siu Ming, Simon, Mr. You Jingfeng, Ms. Ren Qian, Mr. Lai Voon Wai and Mr. Shih Shun Ching;

"Challenge Shore"	Challenge Shore Investment Limited, a wholly-owned subsidiary of CCB International Asset Management Limited. The directors of Challenge Shore are Mr. Li Ngai and Mr. Yam Wang Lap and the directors of CCB International Asset Management Limited are Mr. Li Ngai, Mr. Ho Siu Kee, David, Mr. Xu Xiaolin, Mr. Song Yi, Mr. Liu Bin and Mr. Samson Rattiwat. CCB International Asset Management Limited and CCBIC are fellow subsidiaries indirectly wholly-owned by China Construction Bank Corporation. The board of China Construction Bank Corporation comprises Mr. Guo Shuqing, Mr. Zhang Jianguo, Mr. Luo Zhefu and Ms. Xin Shusen as executive directors, Mr. Wang Yonggang, Mr. Wang Yong, Ms. Wang Shumin, Mr. Liu Xianghui, Mr. Zhang Xiangdong, Ms. Li Xiaoling and Mr. Gregory L. Curl as non-executive directors and Lord Peter Levene, Mr. Song Fengming, Ms. Jenny Shipley, Ms. Elaine La Roche, Mr. Wong Kai-Man and Mr. Tse Hau Yin, Aloysius as independent non-executive directors;
"Closing Date"	3 December 2008 or if the Offer is revised or extended, the closing date of the Offer as revised or extended by the Offeror in accordance with the Takeovers Code;
"CN Subscription"	the subscription of the Convertible Note pursuant to the Agreement;
"Company"	United Metals Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange;
"Completion"	completion of the Share Purchase, Share Subscription and CN Subscription in accordance with the Agreement, which took place on the Completion Date;
"Completion Date"	5 November 2008;
"Composite Offer Document"	this composite offer and response document jointly issued by and on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code;
"Connected person"	has the meaning ascribed to it under the Listing Rules;
"Conversion Price"	the price at which the Noteholder(s) may exercise the conversion right under the Convertible Note;
"Conversion Shares"	any Shares to be issued by the Company upon the Noteholder(s) exercising its/their conversion right under and in accordance with the terms and conditions of the Convertible Note;

"Convertible Note"	an unsecured, three-year maturity 2% annual coupon convertible note with a principal amount of HK$106,200,000 issued by the Company to the Offeror on the Completion Date;
"Director(s)"	the director(s) of the Company;
"Disinterested Shares"	all the Shares in issue, other than those Shares which are owned or acquired by the Offeror and the parties acting in concert with it as at the date of this Composite Offer Document;
"Effective Date of Resignation"	the date which is the earliest time permitted under the Takeovers Code in respect of the resignation of Mr. Tsang and Mr. Kong as directors of the Company and (where applicable) the Subsidiaries;
"EGM"	the extraordinary general meeting of the Company held at Concord Rooms 2–3, 8/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 7 August 2008 at 2: 30 p.m.;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his/her delegate;
"Existing Business"	all the businesses carried on by the Group before the Completion Date;
"Finance Documents"	the Note Subscription Agreement, the documents constituting the Warrants and a share charge granted by the Offeror on 4 June 2008 in favour of Challenge Shore in respect of certain Shares acquired by the Offeror on Completion as security for the Note Subscription Agreement and the Warrants
"Form of Acceptance"	the accompanying form of acceptance and transfer of Shares in respect of the Offer;
"Group"	the Company and the Subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKSCC"	Hong Kong Securities Clearing Company Limited;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	means the board committee of the Company comprising Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam (being all the independent non-executive directors of the Company) and Mr. Wong Wing Sing (the only non-executive director of the Company);

"Independent Financial Adviser" or "Partners Capital"	Partners Capital International Limited, a corporation licensed to carry on business in Types 1 and 6 regulated activities (dealing in securities and advising on corporate finance) under the SFO, and the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the holders of Disinterested Shares in relation to the terms and conditions of the Offer;
"Independent Shareholders"	means the Shareholders other than the Offeror, the Vendors and parties acting in concert with any of them and those who are not involved in or interested in the Share Purchase, the Share Subscription and the CN Subscription (otherwise than solely as Shareholders);
"Irrevocable Undertakings"	letters duly executed by the Vendors and the Ultimate Shareholders on 4 June 2008 in favour of the Offeror irrevocably and unconditionally undertaking that they will not accept the Offer in respect of the Retained Shares;
"Latest Practicable Date"	10 November 2008, being the latest practicable date for ascertaining certain information contained in this Composite Offer Document;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Lau"	Mr. Lau Luen Hung, Thomas, the ultimate beneficial owner of Vendor 1;
"Mr. Kong"	Mr. Kong Cheuk Luen, Trevor, the sole legal and beneficial owner of Vendor 3 and an executive Director as at the Latest Practicable Date;
"Mr. Tsang"	Mr. Tsang Chiu Wai, the sole legal and beneficial owner of Vendor 2 and an executive Director as at the Latest Practicable Date;
"Noteholder(s)"	holder(s) of the Convertible Note;
"Note Subscription Agreement"	an agreement entered into between the Offeror and Challenge Shore on 4 June 2008 under which Challenge Shore had agreed to make available up to HK$180,000,000 to the Offeror as funding for the Offer;
"Offer"	the unconditional mandatory cash offer for the Disinterested Shares made by CCBIC on behalf of the Offeror in accordance with the Takeovers Code, on the terms and conditions set out in this Composite Offer Document and the Form of Acceptance;

"Offeror"	CNNC Overseas Uranium Holding Limited, a company incorporated in Hong Kong on 27 November 2007 with limited liability, being the purchaser of the Sale Shares and the subscriber of the Subscription Shares and the Convertible Note;
"Offer Period"	the period from 23 June 2008, being the date of the Announcement until 4:00 p.m. on the Closing Date;
"Offer Price"	the amount of HK$1.82 per Share payable by the Offeror to holders of Disinterested Shares for each Disinterested Share accepted under the Offer;
"Placing Agreement"	the placing agreement entered into between the Offeror and CCBIC on 11 November 2008 under which CCBIC will act as the placing agent of the Offeror to place down, on a best efforts basis, any Shares that are acquired by the Offeror pursuant to valid acceptances of the Offer;
"PRC"	the People's Republic of China (but excluding Hong Kong, Macao and Taiwan);
"Pre-Suspension Date"	4 June 2008, the last full trading day prior to the suspension of trading of the Shares pending publication of the Announcement;
"Purchase Price"	the amount of HK$1.77 per Share by the Offeror to the Vendors for the Sale Shares;
"Registrar"	the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;
"Relevant Period"	the period commenced on the date falling six months prior to the commencement date of the Offer Period and ending on the Latest Practicable Date;
"Retained Shares"	an aggregate of 32,228,035 Shares to be retained by the Vendors upon Completion;
"Sale Shares"	125,208,965 Shares, which represented approximately 56.91% of the entire issued share capital of the Company immediately before Completion;
"Service Agreements"	the contracts entered into between the Company and Mr. Tsang and Mr. Kong respectively for the appointment of Mr. Tsang and Mr. Kong as senior management of the Company on the Completion Date;
"SFC"	the Securities and Futures Commission of Hong Kong;

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shareholders"	the registered holders of the Shares from time to time;
"Share Purchase"	the sale and purchase of the Sale Shares pursuant to the Agreement;
"Share Subscription"	the subscription of the Subscription Shares pursuant to the Agreement;
"Shares"	ordinary shares in the nominal value of HK$0.01 each in the capital of the Company;
"Special Benefit"	HK$0.05, representing such additional total quantifiable pecuniary entitlements conferred on Mr. Tsang and Mr. Kong under the Service Agreements which amounts to HK$2,864,000 divided by a total of 62,563,000 Disinterested Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	the amount of HK$1.77 per Share payable by the Offeror to the Company for the Subscription Shares;
"Subscription Shares"	159,168,308 Shares issued by the Company to the Offeror on Completion pursuant to the Agreement;
"Subsidiaries"	the subsidiaries of the Company, details of which are listed in the Agreement;
"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers;
"trading day"	a day on which the Stock Exchange is open for the business of dealings in securities;
"Ultimate Shareholder(s)"	means Mr. Lau, Mr. Tsang and Mr. Kong, being the ultimate owners of the entire equity interests in Vendor 1, Vendor 2 and Vendor 3 respectively;
"Vendor 1"	Shine Top Limited, a company incorporated in the British Virgin Islands;
"Vendor 2"	Standard Beyond Limited, a company incorporated in the British Virgin Islands;
"Vendor 3"	Absolute Above Limited, a company incorporated in the British Virgin Islands;
"Vendors"	Vendor 1, Vendor 2 and Vendor 3;

"Warrants"	the warrants granted by the Offeror to Challenge Shore to purchase up to 18,000,000 Shares at the initial purchase price of HK$1.77 per Share (subject to adjustments under certain circumstances) acquired by the Offeror on Completion under an instrument entered into by way of deed poll by the Offeror on 4 June 2008; and
"%"	per cent.

建银国际
CCB International

CCB INTERNATIONAL CAPITAL LIMITED
Suite 3408, 34th Floor, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong

12 November 2008

To the Shareholders

Dear Sir or Madam,

AN UNCONDITIONAL MANDATORY CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF CNNC OVERSEAS URANIUM HOLDING LIMITED TO ACQUIRE ALL THE SHARES IN UNITED METALS HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR ACQUIRED BY CNNC OVERSEAS URANIUM HOLDING LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

1. INTRODUCTION

On 23 June 2008, the Offeror and the Company jointly announced that the Agreement was entered into between the Offeror, the Vendors, the Company and the Ultimate Shareholders on 4 June 2008 pursuant to which:

(1) the Offeror had agreed to purchase, and the Vendors had agreed to sell, 125,208,965 Shares, represented approximately 56.91% of the total issued share capital of the Company immediately before Completion and approximately 33.02% of the issued share capital of the Company as enlarged by the Share Subscription (assuming no conversion of the Convertible Note), at a cash consideration of HK$1.77 per Share;

(2) the Offeror had agreed to subscribe, and the Company had agreed to allot and issue to the Offeror, 159,168,308 new Shares, represented approximately 72.35% of the issued share capital of the Company immediately before Completion and approximately 41.98% of the issued share capital of the Company as enlarged by the Share Subscription (assuming no conversion of the Convertible Note), at a cash consideration of HK$1.77 per Share; and

(3) the Offeror had agreed to subscribe, and the Company had agreed to allot and issue to the Offeror, a convertible note in the principal amount of HK$106,200,000, the initial conversion price under which is set at HK$1.77 per Share.

Prior to Completion, the Offeror, its ultimate beneficial owner, associates and parties acting in concert with any of them did not own any Shares.

On 5 November 2008, the Offeror and the Company jointly announced, among other things, that Completion took place on 5 November 2008 and immediately following Completion, the Offeror and the persons acting in concert with it held an aggregate of 284,377,273 Shares, represented approximately 75% of the issued share capital of the Company as at the Latest Practicable Date (assuming no conversion of the Convertible Note). As a result, the Offeror is required to make an unconditional mandatory cash offer to acquire all the Disinterested Shares pursuant to Rule 26.1 of the Takeovers Code.

This letter and the accompanying Form of Acceptance set out information in respect of the Offer.

Shareholders are strongly advised to also consider carefully the information contained in the letter from the Board, the letter from the Independent Board Committee and the letter from Independent Financial Adviser as set out in this Composite Offer Document.

2. THE OFFER

Unconditional Offer

The Offer is unconditional in all respects.

Consideration

On behalf of the Offeror, CCBIC is making the Offer to acquire all the Disinterested Shares on terms and conditions set out below in this letter (together with terms set out in Appendix I to the Composite Offer Document) and in the Form of Acceptance on the following basis:

For each Disinterested Share . . . . HK$1.82 in cash

The Offer Price was arrived at by adding the Special Benefit to HK$1.77, being the Purchase Price, the Subscription Price and the initial Conversion Price under the Agreement. The Special Benefit represents such additional total quantifiable pecuniary entitlements conferred on Mr. Tsang and Mr. Kong under the Service Agreements which amounts to HK$2,864,000 divided by a total of 62,563,000 Disinterested Shares (excluding the Retained Shares on the basis that the Vendors and the Ultimate Shareholders had irrevocably and unconditionally undertaken to the Offeror that they will not accept the Offer in respect of the Retained Shares).

As at the Latest Practicable Date, save for the Convertible Note, the Company had no outstanding warrants, options and other securities convertible or exchangeable into Shares or any other share derivatives.

Comparison of value

The Offer Price of HK$1.82 per Share represented:

(i) a premium of approximately 2.82% over the Purchase Price, the Subscription Price and the Conversion Price;

(ii) a premium of approximately 111.63% to the audited net asset value per Share as at 31 December 2007;

(iii) a discount of approximately 62.47% to the closing price of HK$4.850 per Share as quoted on the Stock Exchange on the Pre-Suspension Date;

(iv) a discount of approximately 61.86% to the average closing price of HK$4.772 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Pre-Suspension Date;

(v) a discount of approximately 55.13% to the average closing price of HK$4.056 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Pre-Suspension Date;

(vi) a discount of approximately 23.66% over the average closing price of HK$2.384 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Pre-Suspension Date;

(vii) a premium of approximately 24.74% to the average closing price of HK$1.459 per Share as quoted on the Stock Exchange for the trading days since 2 January 2008 up to and including the Pre-Suspension Date;

(viii) a premium of approximately 69.46% to the average closing price of HK$1.074 per Share as quoted on the Stock Exchange for the trading days since 5 June 2007 up to and including the Pre-Suspension Date; and

(ix) a discount of approximately 35.00% to the closing price of HK$2.800 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest price

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$6.18 each on 4 August 2008 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.65 each on 1 February 2008 and 4 February 2008.

Total consideration

On the basis of 379,168,308 Shares in issue as at the Latest Practicable Date, the Offer values the equity value of the Company at HK$690,086,320.56. Assuming that the Offer was accepted in full by the Shareholders and on the basis there were

62,563,000 Disinterested Shares (excluding the Retained Shares which are subject to the Irrevocable Undertakings) as at the Latest Practicable Date, the total amount of cash required to effect the Offer would be HK$113,864,660.

Effect of accepting the Offer

By accepting the Offer, the Shareholders will sell to the Offeror the relevant Disinterested Shares free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature together with all rights attaching to them as at the date of posting of the Composite Offer Document, including the right to receive in full all dividends and other distributions (in respect of the Shares), if any, declared, made or paid after the date of posting of the Composite Offer Document.

The Offer is unconditional in all respects and will remain open for acceptance until 4:00 p.m. on Wednesday, 3 December 2008. Acceptance of the Offer tendered by the Shareholders shall be irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

The procedures for acceptance and further terms of the Offer are set out in Appendix I to the Composite Offer Document.

Stamp duty

Ad valorem stamp duty of the sellers at a rate of HK$1.00 for every HK$1,000 (or part thereof) of the consideration payable to the Shareholders who accept the Offer (or the market value of the Shares, whichever is higher) will be deducted from the amount payable to the relevant accepting Shareholders. The Offeror will then pay the stamp duty deducted to the stamp duty office on behalf of the accepting Shareholders.

Closing of the Offer

The latest time for acceptance of the Offer is at 4:00 p.m. on Wednesday, 3 December 2008, unless the Offer is revised or extended in accordance with the Takeovers Code.

3. CONFIRMATION OF FINANCIAL RESOURCES

The Offeror intends to finance the Offer from external financing facilities. On 4 June 2008, the Offeror and Challenge Shore, a wholly-owned subsidiary of CCB International Asset Management Limited, entered into the Finance Documents pursuant to which Challenge Shore had agreed to provide a facility of up to HK$180,000,000 to the Offeror as funding for the Offer. The Offeror does not intend that the payment of interest (if any) on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

CCBIC, as financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy full acceptance of the Offer.

4. INFORMATION ON THE OFFEROR

The Offeror is a private investment holding company incorporated in Hong Kong on 27 November 2007 with limited liability. The members of the board of directors of the Offeror are Mr. Fei Bantao, Ms. Liu Xuehong and Mr. Chen Yuehui. The Offeror is a direct wholly-owned subsidiary of China Nuclear International Uranium Corporation (中國國核海外鈾資源開發公司) ("**Sino-U**"), which in turn is a wholly-owned subsidiary company of China National Nuclear Corporation (中國核工業集團公司) ("**CNNC**"), a large-scale State-owned enterprise which establishment was approved by the State Council of the PRC. CNNC has over 100 subsidiaries and institutes, and its principal businesses cover comprehensive nuclear activities in the PRC from research and development of nuclear related products, nuclear electricity production, nuclear fuel and nuclear technology development and application and construction and operation of nuclear power plant. Sino-U is the platform of CNNC for its uranium reserve and production in foreign countries whose principal business is to carry out evaluation and exploration of overseas uranium resources, to make investment, engineering, construction and management of overseas uranium resources and its related products, to undertake the related research and development activities and import and export business.

Since its incorporation, the Offeror has made certain investments in Africa involving the exploration and mining of uranium. Save as aforesaid and the transactions contemplated in the Agreement and the financial arrangements for the purpose of the Offer, the Offeror has not carried on any other business.

Prior to the entering into of the Agreement, neither the Offeror, its beneficial owner nor the parties acting in concert with any of them owned any Shares.

5. INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror is of the view that the acquisition of the Sale Shares, the subscription of the Subscription Shares and the Offer represent a good opportunity to take a controlling stake in the Company.

Following Completion, the Offeror intends to conduct a detailed review on the Existing Business and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into investment or business opportunities, particularly those relating to uranium leveraging on the background of its shareholders, to diversify the Group's business for the purpose of broadening its income source. Subject to the result of such review and if suitable investment or business opportunities are identified and materialised, it is the present intention of the Offeror to utilise part of the net proceeds from the issuance of the Subscription Shares and the Convertible Note and, depending on the funding requirements, conduct fund raising exercises, to fund such investments and business development. No such investment or business opportunity has yet been identified as at the Latest Practicable Date. However, given the size of funding requirements involved in uranium projects in general, CNNC considers it beneficial to substantially enhance the capital base and cash flow position of the Company at the outset to better prepare for the timely participation in any such business opportunities that may be identified and/or may materialize, particularly having regard to the length of time that is expected to obtain the approvals from relevant PRC Governmental authorities (including the National Development and Reform Commission, the Ministry of Commerce and/or the State Administration of Foreign Exchange, as applicable) that may be required for such capital injections. Accordingly, the Offeror entered into the Share Subscription in addition to the Share Purchase in order to provide capital to the Company. If the above-mentioned acquisition or fund raising exercise materializes, further announcement will be made by the Company in accordance with the Listing Rules.

Notwithstanding the aforesaid, the Offeror intends to continue the Existing Business after Completion. As at the Latest Practicable Date, the Offeror has no intention to introduce any major changes to the business of the Group or to dispose of or re-deploy the assets of the Group, other than in the ordinary course of the business of the Group, following Completion. Save and except that each of Mr. Tsang and Mr. Kong will cease to be a Director with effect from the Effective Date of Resignation, and will be appointed as Chief Operation Officer and President of the Company, respectively, the Offeror intends to continue the employment of the employees of the Group following Completion.

The net proceeds from the issuance of the Subscription Shares and the Convertible Note are estimated to be approximately HK$380 million. It is the present intention of the Offeror to apply around 10% of the net proceeds as general working capital of the Group, and reserve the remaining around 90% to fund the Group's future investment and business opportunities as referred to above. The Company will make an announcement if there is any change in the proposed use of the net proceeds.

6. PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

On Completion, the existing executive Directors, namely Mr. Tsang Chiu Wai and Mr. Kong Cheuk Luen, Trevor, the existing non-executive Director, namely Mr. Wong Wing Sing and the existing independent non-executive Directors, namely, Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam, had tendered their resignations and such resignations will take effect from the Closing Date pursuant to Rule 7 of the Takeovers Code.

On Completion, the Offeror had nominated new Directors to the Board and the Company had on Completion approved the appointments of Mr. Han Ruiping and Mr. Xu Hongchao, as executive Directors, Mr. Qiu Jiangang and Mr. Huang Mingang as non-executive Directors and Mr. Cui Liguo, Mr. Zhang Lei and Mr. Cheong Ying Chew Henry as independent non-executive Directors. Such appointments will take effect immediately after despatch of this Composite Offer Document pursuant to Rule 26.4 of the Takeovers Code.

The biographical details of the proposed Directors are set out as follows:

Executive Directors

Mr. Han Ruiping, aged 46, currently serves as the deputy director of the Overall Planning Department of CNNC. Mr. Han joined CNNC in 1992 and had served as engineer, senior engineer of China National Nuclear Corporation (中國核工業總公司) (the predecessor of CNNC) and deputy director of the Nuclear Fuel Department of CNNC before his current position. Before joining CNNC, Mr. Han was a trainee researcher of China Institute of Atomic Energy (中國原子能科學研究院). Apart from serving CNNC, Mr. Han also served as the deputy commissioner of the Science and Technology Division of the Overall Planning Department of Commission of Science, Technology, and Industry for National Defense of the Peoples' Republic of China (COSTIND) during 1998 to 1999 and a researcher of the Science and Technology Division of the Overall Planning Department of COSTIND during 1999 to 2004. Mr. Han has over 20 years of experience in the nuclear industry. Mr. Han graduated from Wuhan University in 1986 with a bachelor degree in physics. He also holds a master degree in management science and engineering from Harbin Engineering University.

Mr. Xu Hongchao, aged 38, currently serves as the director of the Investment Division of the Assets Management Department of CNNC. Mr. Xu joined CNNC in 1993 and had served as the accountant of the finance department of China National Nuclear Corporation (中國核工業總公司) (the predecessor of CNNC), the deputy director of the Assets Management Division of the Investments Operations Department of CNNC and the director of the Overall Management Division of the Policy Research and System Reform Department of CNNC. Mr. Xu is a director of Sanmen Nuclear Power Co., Ltd. (三門核電有限公司) and a director of SUFA Technology Industrial Co., Ltd. CNNC (中核蘇閥科技實業股份有限公司) (stock code: 000777), a company listed on the Shenzhen Stock Exchange. Mr. Xu has about 15 years of experience in the areas of project investment, assets management and securities investment. Mr. Xu graduated from Hengyang Engineering School in 1993 with a bachelor degree in industrial management engineering. He also holds a master degree in business administration from the Tsinghua University. Mr. Xu is also qualified as a senior accountant.

Non-Executive Directors

Mr. Qiu Jiangang, aged 54, currently serves as the deputy general manager of CNNC. Mr. Qiu joined CNNC in 1982 and had served as the director of the Overall Planning Department of CNNC and the assistant to the general manager of CNNC before his current position. Mr. Qiu has been the chairman of SUFA Technology Industrial Co., Ltd. CNNC (中核蘇閥科技實業股份有限公司) (stock code: 000777), a company listed on the Shenzhen Stock Exchange, since December 2005. Mr. Qiu has over 26 years of experience in the nuclear industry. Mr. Qiu graduated from Shanghai Jiao Tong University in 1982 with a bachelor degree in nuclear energy engineering.

Mr. Huang Mingang, aged 42, currently serves as the deputy general manager of China Nuclear Energy Industry Corporation (中國原子能工業公司). Mr. Huang had served as a deputy commissioner, a senior engineer, a commissioner of the Nuclear Energy Department, the assistant to the general manager of China Nuclear Energy Industry Corporation etc., before his current position. Mr. Huang also served as a director of a department of China Trade Centre Limited in London during 1999 to 2000. Mr. Huang has about 19 years of experience in the nuclear industry. Mr. Huang graduated from Xi'an Jiao Tong University in 1989 with a bachelor degree in engineering. He also holds a master degree in business administration from Tsinghua University. Mr. Huang has obtained the professional qualifications of senior engineer (post-graduate level) and senior international business engineer.

Independent Non-Executive Directors

Mr. Cui Liguo, aged 38, is currently a partner of Guantao Law Firm, a law firm in Beijing, PRC. He has been practising law since 1993. Mr. Cui is also an independent director of UBS SDIC Fund Management Co., Ltd. (國投瑞銀基金管理有限公司), an independent non-executive director of APT Satellite Holdings Limited (stock code: 01045), a company listed on the Main Board of the Stock Exchange, independent director of 國投新集能源股份有限公司 (stock code: 6019189), a company listed on the Shanghai Stock Exchange and an independent director of SUFA Technology Industry Co., Ltd. CNNC (中核蘇閥科技實業股份有限公司) (stock code: 000777), a company listed on the Shenzhen Stock Exchange. Mr. Cui graduated from the China University of Political Science and Law with a bachelor degree in laws in 1991. He also holds a master degree in laws from the same university.

Mr. Zhang Lei, aged 39, currently serves as an assistant to the general manager of Beijing Fuchengmen sales department of Great Wall Securities Co., Ltd. (長城證券有限責任公司), a company Mr. Zhang joined since 1994. Mr. Zhang has over 14 years of experience in the securities industry. Mr. Zhang graduated from Renmin University of China in 1996, major in commercial and economic management. Mr. Zhang holds the qualification of settlement practitioner granted by Beijing Stock Exchange.

Mr. Cheong Ying Chew Henry, aged 60, currently serves as a director of Worldsec Limited, a company listed on the London Stock Exchange. Mr. Cheong also serves as an independent non-executive directors of Cheung Kong (Holdings) Limited (stock code: 0001), New World Department Store China Limited (stock code: 825), SPG Land (Holdings) Limited (stock code: 337), Cheung Kong Infrastructure Holdings Limited (stock code: 1038), TOM Group Limited (stock code: 2383), all being companies listed on the Main Board of the Stock Exchange. He is also the independent non-executive director of Excel Technology International Holdings Limited (stock code: 8048), a company listed on the GEM Board of the Stock Exchange. He was the non-executive director of FFP Golden Asia Fund, Inc. (formerly known as Jade Asia Pacific Fund, Inc.), a company listed on the Irish Stock Exchange. Mr. Cheong has over 30 years of experience in securities industry. He is also a member of the Corporate Advisory Council of the Hong Kong Securities Institute and a member of Disciplinary Panel A of Hong Kong Institute of Certified Public Accountants. Mr. Cheong graduated from Chelsea College, University of London, with a bachelor of science degree in mathematics in 1971. He also holds a master of science degree in operational research and management studies from Imperial College, University of London.

7. COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares after the close of the Offer.

8. MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange. On 11 November 2008, the Offeror entered into the Placing Agreement with CCBIC under which CCBIC will act as the placing agent of the Offeror to place down, on a best efforts basis, any Shares that are acquired by the Offeror pursuant to valid acceptances of the Offer during the period ("**Placing Period**") commencing upon the despatch of this Composite Offer Document in relation to the Offer and until such time as CCBIC shall notify in writing to the Offeror provided such time shall be no later than 14 days after the latest acceptance date of the Offer. The placees will be professional or other investors other than any connected persons of the Company. In addition, the placees and their ultimate beneficial owners are/will be independent third parties who are not connected with the Offeror or any of its connected persons. Completion of the placing shall take place on the third Business Day following the date on which the Offeror and CCBIC have determined the placing price for the placing shares, which shall be no later than the second Business Day after close of the Placing Period.

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

9. ACCEPTANCE AND SETTLEMENT

Procedures for acceptance

To accept the Offer in respect of your Shares, you should complete the accompanying Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms and conditions of the Offer. The completed Form of Acceptance should then be forwarded together with the relevant original Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer, by hand or by post, to the Registrar no later than 4:00 p.m. on Wednesday, 3 December 2008 (or such later time and/or date as the Offeror may determine or announce in accordance with the Takeovers Code). No acknowledgement of receipt of the Form of Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to the paragraph headed "1. Procedures for acceptance" as set out in Appendix I to the Composite Offer Document and the accompanying Form of Acceptance.

Settlement

Provided that the Forms of Acceptance and the relevant accompany documents required to accept the Offer are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on Wednesday, 3 December 2008 (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), cheques for the amounts due to accepting Shareholders in respect of the Shares tendered by them under the Offer, less seller's ad valorem stamp duty payable by them, will be despatched to the relevant Shareholders (at the respective addresses as they appear in the register of members of the Company or, in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the relevant Form of Acceptance) by ordinary post at their own risks as soon as possible but in any event within 10 days from the date on which all the relevant documents are received by the Registrar to render such acceptances complete and valid.

Nominee registration

In order for the beneficial owners of the Shares whose investments are registered in the names of their nominees to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer. To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the shareholding of each beneficial owner separately.

10. SHAREHOLDERS OUTSIDE HONG KONG

The Offer is in respect of securities of a company incorporated in the Cayman Islands and admitted to listing in Hong Kong and is subject to the procedure and disclosure requirements of Hong Kong, which may be different from other jurisdictions. The ability of Shareholders located outside of Hong Kong to participate in the Offer is subject to, and may be prohibited or limited by, the laws and regulations of their respective jurisdictions.

The attention of overseas Shareholders and any person (including, without limitation, any nominee, custodian or trustee) who may have an obligation to forward the Composite Offer Document and the accompanying Form of Acceptance outside Hong Kong is drawn to sub-paragraph (k) of the paragraph headed "6. General" as set out in Appendix I to the Composite Offer Document.

11. TAXATION

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Offer in respect of their Share. It is emphasised that none of the Offeror and the persons acting in concert with it, CCBIC, the Registrar or any of their respective directors, officers or associates or any other parties involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

12. GENERAL

Further terms and conditions of the Offer are set out in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance.

13. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information regarding the Offer set out in the appendices to the Composite Offer Document and the accompany Form of Acceptance, which form part of the Composite Offer Document. In addition, your attention is drawn to the letter from the Board, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser contained in the Composite Offer Document, of which this letter forms a part.

Yours faithfully,
For and on behalf of
CCB INTERNATIONAL CAPITAL LIMITED
Simon Lee
Managing Director

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)

Executive Directors:
Mr. Tsang Chiu Wai *(Chairman)*
Mr. Kong Cheuk Luen, Trevor

Non-executive Director:
Mr. Wong Wing Sing

Independent Non-executive Directors:
Mr. Lee Tho Siem
Mr.Wang Jianguo
Dr. Loke Yu, alias Loke Hoi Lam

Registered Office:
P.O. Box 309GT
Ugland House
South Church Street
Grand Cayman
Cayman Islands

Head Office and Principal Place of Business:
Unit 2101, 21st Floor
Laford Centre
838 Lai Chi Kok Road
Cheung Sha Wan
Kowloon
Hong Kong

12 November 2008

To the Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF CNNC OVERSEAS URANIUM HOLDING LIMITED TO ACQUIRE ALL THE SHARES IN UNITED METALS HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR ACQUIRED BY CNNC OVERSEAS URANIUM HOLDING LIMITED AND THE PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 23 June 2008, the Board and the directors of the Offeror jointly announced that, among other things:

(1) After market close on 4 June 2008, the Offeror, the Vendors, the Company and the Ultimate Shareholders entered into the Agreement pursuant to which:

(a) the Offeror had agreed to purchase, and the Vendors had agreed to sell, 125,208,965 Shares, representing approximately 56.91% of the total issued share capital of the Company immediately before Completion and

* *For identification purpose only*

approximately 33.02% of the issued share capital of the Company as enlarged by the Share Subscription (assuming no conversion of the Convertible Note), at a cash consideration of HK$1.77 per Share;

(b) the Offeror had agreed to subscribe, and the Company had agreed to allot and issue to the Offeror, 159,168,308 new Shares, representing approximately 72.35% of the issued share capital of the Company immediately before Completion and approximately 41.98% of the issued share capital of the Company as enlarged by the Share Subscription (assuming no conversion of the Convertible Note), at a cash consideration of HK$1.77 per Share; and

(c) the Offeror had agreed to subscribe, and the Company had agreed to allot and issue to the Offeror, a convertible note in the principal amount of HK$106,200,000, the initial conversion price under which is set at HK$1.77 per Share.

(2) Upon Completion, pursuant to Rule 26.1 of the Takeovers Code, CCBIC would, on behalf of the Offeror, make an unconditional mandatory cash offer to acquire all the Disinterested Shares at the Offer Price of HK$1.82 per Share.

Prior to Completion, the Offeror and parties acting in concert with it did not own any Shares. On Completion, the Offeror and the parties acting in concert with it owned an aggregate of 284,377,273 Shares (assuming no conversion of the Convertible Note), which represented:

(i) approximately 129.26% of the issued share capital of the Company immediately before Completion; and

(ii) approximately 75.00% of the enlarged issued share capital of the Company as at Completion.

On 5 November 2008, the Offeror and the Company jointly announced, among other things, that Completion took place on 5 November 2008 and immediately following Completion, the Offeror and the persons acting in concert with it held an aggregate of 284,377,273 Shares, represented approximately 75% of the issued share capital of the Company as at the Latest Practicable Date (assuming no conversion of the Convertible Note). As a result, the Offeror is required to make an unconditional mandatory cash offer to acquire all the Disinterested Shares pursuant to Rule 26.1 of the Takeovers Code.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam and Mr. Wong Wing Sing, being all the independent non-executive directors and the non-executive director of the Company respectively, had been established to advise the holders of Disinterested Shares in respect of the Offer. The members of the Independent Board Committee are independent of and not acting in concert with the Offeror and parties acting in concert with it.

Partners Capital had been appointed as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Offer.

The purpose of this Composite Offer Document is to provide you with, *inter alia*, information relating to the Group, the Offer and the recommendation and advice of the Independent Board Committee to the holders of Disinterested Shares on the Offer, and the advice of the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer.

UNCONDITIONAL MANDATORY CASH OFFER

CCBIC, on behalf of the Offeror, is making the Offer, which is unconditional in all respects, to acquire all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it on the following basis:

For each Disinterested Share . . . . HK$1.82 in cash

The Offer Price was arrived at by adding the Special Benefit to HK$1.77, being the Purchase Price, the Subscription Price and the initial Conversion Price under the Agreement. The Special Benefit represented such additional total quantifiable pecuniary entitlements conferred on Mr. Tsang and Mr. Kong under the Service Agreements which amounts to HK$2,864,000 divided by a total of 62,563,000 Disinterested Shares (excluding the Retained Shares on the basis that the Vendors and the Ultimate Shareholders had irrevocably and unconditionally undertaken to the Offeror that they would not accept the Offer in respect of the Retained Shares).

Details of the Offer are set out in the letter from CCBIC on pages 8 to 18 in Part I of this Composite Offer Document, the procedures for acceptance are set out in Appendix I to this Composite Offer Document and the accompanying Form of Acceptance.

The Offer is unconditional in all respects. Acceptance of the Offer shall be irrevocable and once given cannot be withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code. The Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements under Rule 19 of the Takeovers Code can be met.

As at the Latest Practicable Date, the Company had 379,168,308 Shares in issue and a convertible note in the principal amount of HK$106,200,000, entitling the Offeror to convert the whole or part of the Convertible Note into Conversion Shares at the initial Conversion Price of HK$1.77 per Share. Save for the Convertible Note, the Company had no outstanding warrants, options and other securities convertible or exchangeable into Shares or any other share derivatives as at the Latest Practicable Date.

Pursuant to the Irrevocable Undertakings, the Vendors and the Ultimate Shareholders had irrevocably and unconditionally undertaken to the Offeror that they would not accept the Offer in respect of the Retained Shares.

SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately following the completion of the Offer (assuming that the Convertible Note is not exercised):

	As at the Latest Practicable Date		Immediately following the close of the Offer (Assuming there is 100% acceptance of the Offer)		Immediately following the close of the Offer (Assuming no holder of the Disinterested Shares will accept the Offer)	
Shareholder	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital
CNNC Overseas and parties acting in concert with it	284,377,273	75.00	346,940,273	91.50	284,377,273	75.00
Vendor 1[(1)]	14,219,622	3.75	14,219,622	3.75	14,219,622	3.75
Vendor 2[(1)]	11,215,825	2.96	11,215,825	2.96	11,215,825	2.96
Vendor 3[(1)]	6,792,588	1.79	6,792,588	1.79	6,792,588	1.79
Other public Shareholders	62,563,000	16.50	—	—	62,563,000	16.50
Sub-total of shareholding of public Shareholders	76,782,622	20.25[(2)]	32,228,035	8.50[(3)]	94,791,035	25.00[(4)]
Total	379,168,308	100.00	379,168,308	100.00	379,168,308	100.00

Note:

(1) Mr. Lau, Mr. Tsang and Mr. Kong are the ultimate owners of the entire equity interests in Vendor 1, Vendor 2 and Vendor 3 respectively. Only the Shares held by Vendor 1 were counted towards the public float as at the Latest Practicable Date. The Shares held by Vendor 2 and Vendor 3 were not considered as held by the public as Mr. Tsang and Mr. Kong were Directors. Following completion of the Offer, Shares held by Vendor 1, Vendor 2 and Vendor 3 will be counted towards the public float upon close of the Offer.

(2) Being the aggregate of Shares held by Vendor 1 and the other public Shareholders, instead of only the other public Shareholders as set out in the Announcement.

(3) Being the aggregate of Shares held by the Vendors.

(4) Being the aggregate of Shares held by the Vendors and the other public Shareholders.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately following the completion of the Offer (assuming that the Convertible Note is exercised in full):

Shareholder	As at the Latest Practicable Date		Immediately following the close of the Offer (Assuming there is 100% acceptance of the Offer)		Immediately following the close of the Offer (Assuming no holder of the Disinterested Shares will accept the Offer)	
	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital
CNNC Overseas and parties acting in concert with it	344,377,273	78.42(2)	406,940,273	92.66(2)	344,377,273	78.42(2)
Vendor 1(1)	14,219,622	3.24	14,219,622	3.24	14,219,622	3.24
Vendor 2(1)	11,215,825	2.55	11,215,825	2.55	11,215,825	2.55
Vendor 3(1)	6,792,588	1.55	6,792,588	1.55	6,792,588	1.55
Other public Shareholders	62,563,000	14.24(2)	—	—	62,563,000	14.24(2)
Sub-total of shareholding of public Shareholders	76,782,622	17.48(2)(3)	32,228,035	7.34(2)(4)	94,791,035	21.58(5)
Total	439,168,308	100.00	439,168,308	100.00	439,168,308	100.00

Notes:

(1) Mr. Lau, Mr. Tsang and Mr. Kong are the ultimate owners of the entire equity interests in Vendor 1, Vendor 2 and Vendor 3 respectively. Only the Shares held by Vendor 1 were counted towards the public float as at the Latest Practicable Date. The Shares held by Vendor 2 and Vendor 3 were not considered as held by the public as Mr. Tsang and Mr. Kong were Directors. Following completion of the Offer, Shares held by Vendor 1, Vendor 2 and Vendor 3 will be counted towards the public float upon close of the Offer.

(2) This figure is for illustration purpose only. Pursuant to the terms and conditions of the Convertible Note, the Noteholder is prevented from exercising the conversion right under the Convertible Note if, amongst other things, such conversion would lead to less than 25% of the total issued share capital of the Company will be held by the public (as defined under the Listing Rules).

(3) Being the aggregate of Shares held by Vendor 1 and the other public Shareholders, instead of only the other public Shareholders as set out in the Announcement.

(4) Being the aggregate of Shares held by the Vendors.

(5) Being the aggregate of Shares held by the Vendors and the other public Shareholders.

Save for (i) the granting of the Warrants; (ii) the shareholding of the Offeror, the Vendors and the parties acting in concert with them as stated above; and (iii) the Convertible Note held by the Offeror, neither the Offeror nor any of the parties acting in concert with it had any other interests in the share capital, convertible securities, warrants or options of the Company as at the Latest Practicable Date.

INFORMATION ON THE GROUP

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 June 2002 and its Shares have been listed on the Stock Exchange since 6 January 2003. The Group principally engages in the production and trading of metal die-casting products with its principal production facility located in Dongguan, the PRC with an annual production capacity of approximately 3,300 tonnes in 2007.

Please refer to Appendix II for the summary of (i) the audited financial statement of the Group for the three years ended 31 December 2007; and (ii) the unaudited financial statement of the Group for the six months ended 30 June 2008.

SHARES AND OPTIONS HELD BY THE DIRECTORS

As at the Latest Practicable Date, 11,215,825 Shares and 6,792,588 Shares were held by Vendor 2 and Vendor 3 respectively. Vendor 2 is beneficially owned by Mr. Tsang Chiu Wai, an executive Director and Vendor 3 is beneficially owned by Mr. Kong Cheuk Luen, Trevor, an executive Director. Both Mr. Tsang Chiu Wai and Mr. Kong Cheuk Luen, Trevor are executive Directors, but they will resign from their directorship with effect from the Effective Date of Resignation, which shall be the latest Closing Date. Pursuant to the Service Agreements, Mr. Tsang and Mr. Kong will be the Chief Operation Officer and the President of the Company with effect from the Effective Date of Resignation.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest in any Shares or any other securities of the Company convertible or exchangeable into Shares, including options or subscription rights during the Relevant Period.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraph headed "5. Intention of the Offeror regarding the Group" in the letter from CCBIC set out on page 12 in Part I of this Composite Offer Document for intentions of the Offeror regarding the Group. It is stated that the Offeror may look into investment or business opportunities, particularly those relating to uranium leveraging on the background of its shareholders, to diversify the Group's business for the purpose of broadening its income source. Notwithstanding the aforesaid, the Offeror intends to continue the Existing Business after Completion. As at the Latest Practicable Date, the Offeror has no intention to introduce any major changes to the business of the Group or to dispose of or re-deploy the assets of the Group, other than in the ordinary course of the business of the Group, following Completion. Save and except that each of Mr. Tsang and Mr. Kong will cease to be a Director with effect from the Effective Date of Resignation, and will be appointed as Chief Operation Officer and

President of the Company, respectively, the Offeror intends to continue the employment of the employees of the Group following Completion. Accordingly, the Board is of the view that since there will be no material change of the Group's existing business activities and management as a result of the Offer, the appointment of Mr. Tsang and Mr. Kong under the Service Agreements will ensure a smooth transition of the Group.

MAINTAINING LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange. Assuming no acceptance of the Disinterested Shares were received by the Offeror during the Offer, the public float of the Company will be maintained upon resignation by Mr. Tsang Chiu Wai and Mr. Kong Cheuk Luen, Trevor from their directorships with the Company, which shall be the latest Closing Date. On 11 November 2008, the Offeror entered into the Placing Agreement with CCBIC under which CCBIC will act as the placing agent of the Offeror to place down, on a best efforts basis, any Shares that are acquired by the Offeror pursuant to valid acceptances of the Offer. Please refer to the paragraph headed "Maintaining listing status of the Company" in the letter from CCBIC in this Composite Offer Document for further details of the Placing Agreement.

The Stock Exchange had stated that if, at the close of the Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from CCBIC as set out on pages 8 to 18 in Part I of this Composite Offer Document, Appendix I to this document and the accompanying Form of Acceptance which contain details of the Offer. Your attention is also drawn to the additional information set out in the appendices contained in this Composite Offer Document.

RECOMMENDATION

Having considered the above, the executive Directors consider that the Offer Price is fair and reasonable.

The executive Directors note that the Independent Financial Adviser has recommended the Independent Board Committee to recommend the holders of Disinterested Shares to accept the Offer.

However, the holders of Disinterested Shares should note that the Shares had been trading well above the Offer Price after the publication of the Announcement and the closing price of the Shares was much higher than the Offer Price as at the Latest Practicable Date and those holders of Disinterested Shares who wish to realize their investment in the Shares are reminded that they should carefully and closely monitor the market price of the Shares during the period of the Offer and consider selling their Shares in the open market during the period of the Offer, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer.

For those holders of Disinterested Shares who wish to retain part or all of their shareholding in the Company should note that the Group's financial performance had been loss making for the year ended 31 December 2007. There is still uncertainty as to whether or when the future prospects of the Group will be improved after the close of the Offer. Accordingly, Shareholders should carefully consider the future intentions of the Offeror regarding the Group after the close of the Offer, details of which are set out in the Letter from CCBIC.

The holders of Disinterested Shares should also note the possibility that the consistently thin trading volume of the Shares (as recorded during most of the time in the Full Review Period as defined in the letter from the Independent Financial Adviser) may render the holders of Disinterested Shares difficult to dispose of their Shares in the market after the close of the Offer without exerting downward pressure on the price of the Shares. Despite the trading volume of the Shares surged after the publication of the Announcement, it is uncertain that such high level of trading volume will be sustainable in the long term. The holders of Disinterested Shares who believe that they will be unable to sell the Shares in the market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as an alternative exit of their investments.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 27 to 28 in Part III of this Composite Offer Document, which contains its recommendation to the holders of Disinterested Shares. Your attention is also drawn to the letter from the Independent Financial Adviser as set out on pages 29 to 45 in Part IV of this Composite Offer Document, which contains, among other matters, its advice to the Independent Board Committee in respect of the fairness and reasonableness of the terms of Offer and the principal factors considered by it in arriving at its opinions and recommendations.

Yours faithfully,
For and on behalf of the Board of
United Metals Holdings Limited
Tsang Chiu Wai
Chairman

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)

12 November 2008

To the holders of Disinterested Shares

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF CNNC OVERSEAS URANIUM HOLDING LIMITED TO ACQUIRE ALL THE SHARES IN UNITED METALS HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR ACQUIRED BY CNNC OVERSEAS URANIUM HOLDING LIMITED AND THE PARTIES ACTING IN CONCERT WITH IT)

We refer to the composite offer document dated 12 November 2008 jointly issued by the Company and the Offeror ("**Composite Offer Document**") of which this letter forms a part. Terms defined in the Composite Offer Document shall have the same meanings in this letter unless the context otherwise requires.

As the Directors who are independent of the parties to the Offer, we have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable in so far as the holders of Disinterested Shares are concerned. Partners Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Offer. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the letter from the Independent Financial Adviser on pages 29 to 45 in Part IV of the Composite Offer Document.

We also wish to draw your attention to (i) the letter from the Board; (ii) the letter from CCBIC, (iii) the letter from the Independent Financial Adviser; and (iv) additional information set out in the appendices to the Composite Offer Document.

* *For identification purpose only*

Having taken into account the terms of the Offer, the interests of the holders of Disinterested Shares and the advice of Partners Capital, we consider that the terms of the Offer are fair and reasonable so far as the holders of Disinterested Shares are concerned and accordingly, we recommend the holders of Disinterested Shares to accept the Offer.

However, the holders of Disinterested Shares should note that the Shares had been trading well above the Offer Price after the publication of the Announcement and the closing price of the Shares was much higher than the Offer Price as at the Latest Practicable Date and those holders of Disinterested Shares who wish to realize their investment in the Shares are reminded that they should carefully and closely monitor the market price of the Shares during the period of the Offer and consider selling their Shares in the open market during the period of the Offer, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer.

For those holders of Disinterested Shares who wish to retain part or all of their shareholding in the Company should note that the Group's financial performance had been loss making for the year ended 31 December 2007. There is still uncertainty as to whether or when the future prospects of the Group will be improved after the close of the Offer. Accordingly, those holders of Disinterested Shares should carefully consider the future intentions of the Offeror regarding the Group after the close of the Offer, details of which are set out in the Letter from CCBIC.

The holders of Disinterested Shares should also note the possibility that the consistently thin trading volume of the Shares (as recorded during most of the time in the Full Review Period as defined in the letter from the Independent Financial Adviser) may render the holders of Disinterested Shares difficult to dispose of their Shares in the market after the close of the Offer without exerting downward pressure on the price of the Shares. Despite the trading volume of the Shares surged after the publication of the Announcement, it is uncertain that such high level of trading volume will be sustainable in the long term. The holders of Disinterested Shares who believe that they will be unable to sell the Shares in the market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as an alternative exit of their investments.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Lee Tho Siem
Independent Non-executive Director

Mr. Wang Jianguo
Independent Non-executive Director

Dr. Loke Yu, alias Loke Hoi Lam
Independent Non-executive Director

Mr. Wong Wing Sing
Non-executive Director

博大資本國際有限公司
Partners Capital International Limited

Partners Capital International Limited
Unit 3906, 39/F, COSCO Tower
183 Queen's Road Central
Hong Kong

12 November 2008

To the Independent Board Committee

Dear Sirs,

**MANDATORY UNCONDITIONAL GENERAL OFFER
BY CCB INTERNATIONAL CAPITAL LIMITED
ON BEHALF OF
CNNC OVERSEAS URANIUM HOLDING LIMITED
TO ACQUIRE ALL THE SHARES IN
UNITED METALS HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
ACQUIRED BY CNNC OVERSEAS URANIUM HOLDING LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee in respect of the terms of the Offer, particulars of which are set out in the composite offer document of the Company (the "Composite Offer Document") dated 12 November 2008 to the holders of Disinterested Shares, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Composite Offer Document.

As set out in the letter from the Board (the "Letter from the Board"), after market close on 4 June 2008, the Offeror, the Vendors, the Company and the Ultimate Shareholders entered into the Agreement pursuant to which: (a) the Offeror had agreed to purchase, and the Vendors had agreed to sell 125,208,965 Shares, representing approximately 56.91% of the total issued share capital of the Company immediately before Completion and approximately 33.02% of the enlarged issued share capital of the Company as enlarged by the Share Subscription (assuming no conversion of the Convertible Note), at a cash consideration of HK$1.77 per Share; (b) the Offeror had agreed to subscribe, and the Company had agreed to allot and issue to the Offeror, 159,168,308 new Shares, representing approximately 72.35% of the issued share capital of the Company immediately before Completion and approximately 41.98% of the issued share capital of the Company as enlarged by the Share Subscription (assuming no conversion of the Convertible Note), at a cash consideration of HK$1.77 per Share; and (c) the Offeror had agreed to subscribe, and the Company has agreed to issue to the Offeror, a convertible note in the principal amount of HK$106,200,000, the initial conversion price under which is set at HK$1.77 per Share. The issue of the Subscription Shares and the Conversion Shares is subject to, amongst other things, obtaining approval from the Independent Shareholders at the EGM in accordance with the requirements of the Listing Rules. The Agreement was completed on 5 November 2008. As a result, the Offeror and parties acting in concert with it owned an aggregate of 284,377,273 Shares, representing approximately 75.00% of the issued share capital of the Company and the Offeror and parties acting in concert with it are required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional general offer for all the issued Shares not already owned by it and parties acting in concert with it.

CCBIC, on behalf of the Offeror, is making the Offer, which is unconditional in all respects, to acquire all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it on the following basis:

For each Disinterested Share . . . . HK$1.82 in cash

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the Composite Offer Document.

Partners Capital is not in the same group as the financial or other professional adviser (including a stockbroker) to the Offeror or the Company and is not connected with the directors, chief executive and substantial shareholders of the Company and the Offeror or any of their respective subsidiaries or their respective associates or their respective party acting, or presumed to be acting, in concert and Partners Capital had not had, a significant connection, financial or otherwise, with either the Offeror or the Company, or the controlling shareholder(s) of either of them, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Therefore, Partners Capital is considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to Partners Capital in connection with this appointment, no arrangement exists whereby Partners Capital will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Composite Offer Document and have assumed that all information and representations made or referred to in the Composite Offer Document as provided by the Directors and/or the Offeror were true, accurate and complete in all material aspects at the time they were made and continue to be true, accurate and complete in all material aspects and up to date throughout the period of the Offer and Shareholders will be notified by the Directors and/or the Offeror of any material changes thereof. We have also relied on our discussion with the Directors regarding the Company, the Offer, including the information and representations contained in the Composite Offer Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror respectively in the Composite Offer Document were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Composite Offer Document and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Composite Offer Document nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Offeror. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Offeror, the Vendors and their respective associates nor have we carried out any independent verification of the information supplied.

We have not considered the tax implications on the holders of Disinterested Shares of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the holders of Disinterested Shares who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offer and, if in any doubt, should consult their own professional advisers.

THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of two executive Directors, namely, Mr. Tsang Chiu Wai and Mr. Kong Cheuk Luen, Trevor, one non-executive Director, namely Mr. Wong Wing Sing and three independent non-executive Directors, namely, Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam.

In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam, (being all independent non-executive Directors) and Mr. Wong Wing Sing (being the only non-executive Director) was formed to advise the holders of Disinterested Shares in respect of the Offer.

We have been appointed by the Board to advise the Independent Board Committee in respect of the Offer and such appointment has been approved by the Independent Board Committee.

THE OFFER

Principal factors and reasons considered

In arriving at our opinion regarding the terms of the Offer, we have considered the following principal factors and reasons:

(i) Review of financial performance

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 June 2002 and its Shares have been listed on the Stock Exchange since 6 January 2003. The Group principally engages in the production and trading of metal die-casting products with its principal production facility located in Dongguan, the PRC with an annual production capacity of approximately 3,300 tonnes in 2007.

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2007 and the six months ended 30 June 2008:

	Year ended 31 December 2005	2006	2007	Six months ended 30 June 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	186,621	242,831	234,919	108,054
Profit/(loss) before taxation	10,550	14,170	(4,394)	(5,190)
Profit/(loss) attributable to Shareholders	10,329	13,416	(4,356)	(4,872)
Earnings/(loss) per Share (HK cents) — Basic	4.7	6.1	(2.0)	(2.2)
Net tangible assets attributable to Shareholders	175,354	193,087	189,674	185,418
Net tangible assets attributable to Shareholders per Share (HK$) *(Note)*	0.797	0.878	0.862	0.843

Source: annual reports of the Company for each of the three years ended 31 December 2007 and the interim report of the Company for the six months ended 30 June 2008

Note: calculated based on the total number of Shares as at the date of the Announcement of 220,000,000 Shares

- *Audited consolidated results for the year ended 31 December 2005*

For the year ended 31 December 2005, the Group recorded a turnover of approximately HK$186.6 million, representing an increase of approximately 20.7% as compared with that of the preceding financial year ended 31 December 2004. For the same financial year, the Group recorded a net profit of approximately HK$10.3 million, representing an increase of approximately 22.6% as compared to that of the preceding year ended 31 December 2004.

According to the annual report of the Company for the year ended 31 December 2005, the US demand for casting products remained flat during the year under review. Facing the fluctuation in high raw materials price, shortage and unstable labour supply, escalating wages and salaries in Southern China, limitation of the production capacity and electricity due to the then PRC government policies that required rotation of usage of electricity by various factories, the Group adopted various measures to reduce the aforesaid impacts. On one hand, the Group strengthened cost control measures which included better production planning and negotiations with the suppliers of raw materials, packaging materials, metal components and diesel oil. On the other hand, the Group continued to secure more orders from new and existing customers by implementing various strategies and production techniques to deliver more sophisticated assembled components to its customers. The increases in turnover and net profit were mainly attributable to the increase in orders from new automotive customers and industrial household appliances customers.

- *Audited consolidated results for the year ended 31 December 2006*

For the year ended 31 December 2006, the Group recorded a turnover of approximately HK$242.8 million, representing an increase of approximately 30.1% as compared with that for the year ended 31 December 2005. For the same financial year, the Group recorded a net profit of approximately HK$13.4 million, representing an increase of approximately 30.1% as compared to the net profit for the year ended 31 December 2005.

According to the annual report of the Company for the year ended 31 December 2006, demand worldwide for top quality metal die casting components grew at a steady rate. With globalisation leading to a general shift towards the PRC as the manufacturing base for the world and the increase in production of the automotive industry, the PRC metal die casting industry is expected to see continuing robust growth. The increase in turnover was due to stringent cost-control measures, reducing raw material wastage and increasing orders from existing clientele, as well as shifting part of the increase in raw material costs to customers whilst the increase in net profit was mainly due to the increase in customer orders and further streamlining of operations which reduced costs.

- *Audited consolidated results for the year ended 31 December 2007*

For the year ended 31 December 2007, the turnover of the Group dropped by 3.3% to approximately HK$234.9 million when compared with that of the preceding financial year. For the first time since its listing in 2003, the Group recorded a net loss of approximately HK$4.4 million for the year ended 31 December 2007 as compared to the net profit of approximately HK$13.4 million for the year ended 31 December 2006.

According to the annual report of the Company for the year ended 31 December 2007, the global die casting market showed a slight growth, while the PRC market expanded much more significantly as a result of relocation of production bases of manufacturers abroad to the PRC. As a result, the exports of the Company decreased while the domestic sales in the PRC increased where the profit margin was much lower. Market challenges began to arise as aforesaid customers could access to more die-casting suppliers in the PRC amidst of the gradual slowdown of the global economy. Competition was keen and prices of raw materials increased that made the business more difficult. The decrease in turnover of 3.3% (which was equivalent to approximately HK$7.9 million) was due mainly to the drop of mould development revenue by approximately 46% from approximately HK$13 million recorded in the preceding year to approximately HK$7 million. As a result of a surge in the costs of material consumed and staff wages, as well as the provision for the Group's production plant project in Shanghai of approximately RMB7.3 million recorded in 2007 only, a net loss of HK$4,356,000 was posted.

- *Unaudited consolidated results for the six months ended 30 June 2008*

For the six months ended 30 June 2008, the turnover of the Group dropped by 13.2% to approximately HK$108.1 million when compared with that of the preceding corresponding period. The Group continued to record net loss during the six months ended 30 June 2008 and the loss was in the amount of approximately HK$4.8 million.

According to the interim report of the Company for the six months ended 30 June 2008, the fall in turnover 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 as a result of increased demand for labour from other manufacturers in the nearby area. Meanwhile, the net loss was due to the flooding in southern China in June which resulted in drop in turnover and increases in labor cost, electricity cost and diesel fuel.

- *Further analysis*

As advised by the Company, with the slowdown of the global economy, in the year of 2008 the overall market demand for commodities is likely to drop, thus directly driving down the demand for components. It is expected that consolidation will take place in the industry, while some weak players in the market will be driven out by strong ones in the near future. In addition, keen competition and the continued increase in price of raw materials and operating costs have made the business more difficult to run. We note from the annual reports of the Company published since its listing date that the gross profit margin of the Company dropped from a peak of approximately 32.8% in 2002 to approximately 10.8% in 2007. The gross profit margin dropped further to approximately 4.1% during the six months ended 30 June 2008. As advised by the Company, aluminium alloy die casting components remained the core revenue contributor to the Group, accounted for approximately 91.1% for the year ended 31 December 2007 and the metal alloy consumed by the Group represented approximately 40% of the total cost of sales of the Group for the year ended 31 December 2007. According to London Metal Exchange, the average price of aluminium alloy per ton has been increasing from US$1,232.4 per tonne in 2002 to US$2,187.8 per tonne in 2007. As further advised by the Company, although the Company has arrangements with its customers that allow the Company to adjust its selling prices of its products quarterly based on the price movements of raw materials, the full impacts from increasing raw material prices could not be shifted to all of its customers entirely. Besides, the increase in labour and energy costs, which accounted for approximately 60% of the total variable costs of the Group for the year ended 31 December 2007, in recent years also added burden to the Company. In 2007, the Group's annual production volume amounted to 3,300 tonnes calculated with reference to utilisation rate of raw materials, represented a decrease of 370 tonnes from 3,669 tonnes in the previous year and the turnover of the Group dropped by approximately 3.3%. The drop in the annual production volume of die casting products, but maintained turnover, was prompted by the Group offering more value added services in 2007, which were of higher profit margin, to suit customers' growing needs. However, the effects of these services to the overall performance of the Group have yet to be seen.

On the other hand, as advised by the Company, die casting products are important components in thousands of consumer, commercial and industrial products. The Group's major customers are manufacturers in the automobile, telecommunication equipment, climate control, electronic and automation industries in the PRC, North America and Europe. The Company expects that, with the slowdown of the global economy in the year of 2008, the demand for its products is likely to drop. In addition, as further advised by the Company, most of the sales to its customers are denominated in US dollar while most of its costs are denominated in Renminbi. As the US dollar has been depreciating against other currencies while Renminbi has been appreciating against most currencies in recent years, the profit margins of the Company were inevitably being squeezed.

Based on the above, we concur with the views of the Company that the business environment in which the Group operates is and will remain difficult in future notwithstanding the Group strived to improve its performance by provision of new value added services.

(ii) Share price performance and trading liquidity

The Offer Price of HK$1.82 (the "Offer Price") for each Offer Share was arrived at by adding the Special Benefit to HK$1.77, being the purchase price for each Sale Share and the subscription price for each Subscription Share under the Agreement. The Special Benefit represents such additional total quantifiable pecuniary entitlements conferred on Mr. Tsang and Mr. Kong under the Service Agreements which amounts to HK$2,864,000 divided by a total of 62,563,000 Disinterested Shares (excluding the Retained Shares on the basis that the Vendors and the Ultimate Shareholders have irrevocably and unconditionally undertaken to the Offeror that they will not accept the Offer in respect of the Retained Shares). As set out in the letter from CCBIC (the "Letter from the CCBIC"), the Offer Price represented:

(a) a premium of approximately 2.82% over the Purchase Price, the Subscription Price and the Conversion Price;

(b) a premium of approximately 111.63% to the audited net asset value per Share as at 31 December 2007;

(c) a discount of approximately 62.47% to the closing price of HK$4.850 per Share as quoted on the Stock Exchange on the Pre-Suspension Date;

(d) a discount of approximately 61.86% to the average closing price of HK$4.772 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Pre-Suspension Date;

(e) a discount of approximately 55.13% to the average closing price of HK$4.056 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Pre-Suspension Date;

(f) a discount of approximately 23.66% over the average closing price of HK$2.384 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Pre-Suspension Date;

(g) a premium of approximately 24.74% to the average closing price of HK$1.459 per Share as quoted on the Stock Exchange for the trading days since 2 January 2008 up to and including the Pre-Suspension Date;

(h) a premium of approximately 69.46% to the average closing price of HK$1.074 per Share as quoted on the Stock Exchange for the trading days since 5 June 2007 up to and including the Pre-Suspension Date; and

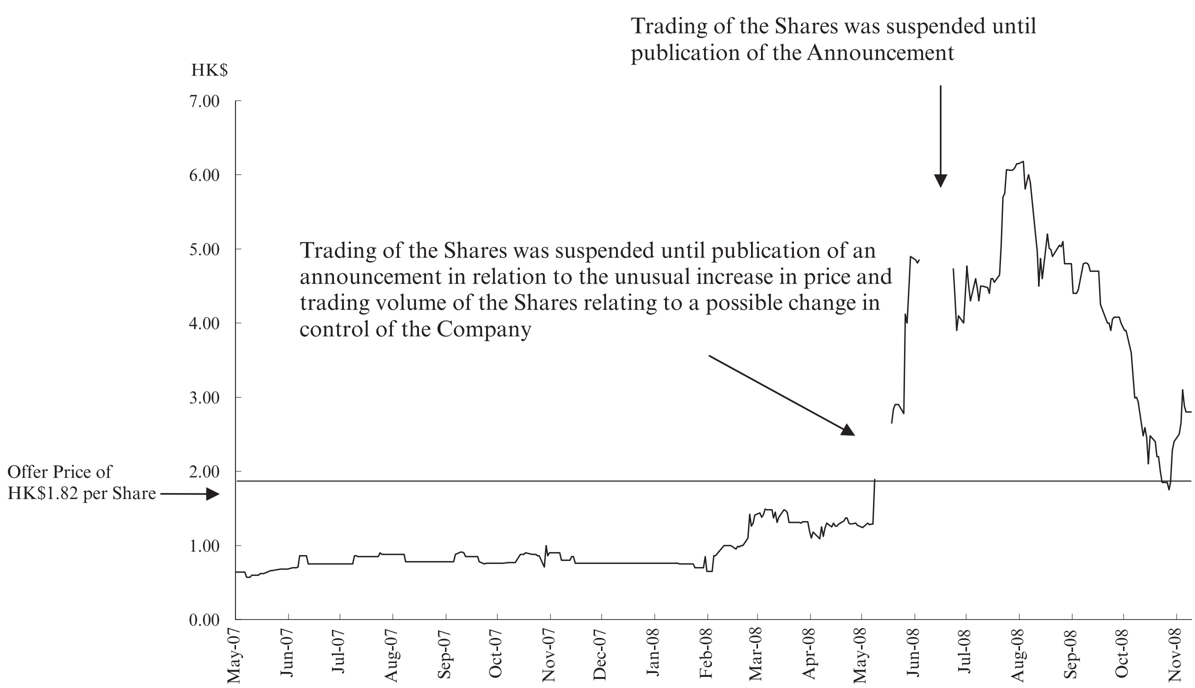
(i) a discount of approximately 35.00% to the closing price of HK$2.800 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

- *Share price performance*

We note that the Offer Price was arrived at by adding the Special Benefit to HK$1.77, being the purchase price for each Sale Share and the subscription price for each Subscription Share under the Agreement. We also note that trading in the Shares on the Stock Exchange was suspended with effect from 11:21 a.m. on 9 May 2008 pending the release of the announcement dated 16 May 2008 (the "Price Movement Announcement") relating to the unusual price movement of the Shares, and the announcement on a possible change in control and resumption of trading in the Shares on 19 May 2008. After the resumption of trading in the Shares on 19 May 2008, the closing price of the Shares surged from HK$1.29 per Share on 8 May 2008 (the "First Suspension Date", being the last full trading day prior to the suspension of trading in the Shares pending the publication of the Price Movement Announcement) to HK$4.85 on 4 June 2008 (i.e. the Pre-Suspension Date, being the last full trading day prior to the suspension of trading in the Shares pending publication of the Announcement). It was stated in the Announcement that, in determining the Subscription Price, the Company and the Offeror have not taken into account of such recent upward surge in market prices of the Shares.

In view of the unusual price movement of the Shares after the publication of the Price Movement Announcement and 12-month benchmarking period is a commonly used tenure for analysis purpose, we consider that it is more relevant to review the closing price level of the Shares traded on the Stock Exchange during the 12 month period from 1 May 2007 to 8 May 2008, the First Suspension Date, (the "Review Period"). A price chart was plotted for the Review Period and up to 4 June 2008 which is the Pre-Suspension Date (the "Extended Review Period"), and further up to the Latest Practicable Date (the "Full Review Period") as follows:

Share Price Performance



Source: Infocast

During the Review Period, the lowest closing price was HK$0.57 per Share recorded on 8 to 10 May 2007 respectively and the highest closing price was HK$1.49 per Share recorded on 6 March 2008. Upon comparison, we note that the Offer Price of HK$1.82 per Share represented:

(i) a premium of approximately 111.63% over the audited net asset value per Share of HK$0.86 as at 31 December 2007;

(ii) a premium of approximately 41.09% over the closing price of HK$1.29 per Share as quoted on the Stock Exchange on the First Suspension Date;

(iii) a premium of approximately 42.19% over the average closing price of HK$1.28 per Share as quoted on the Stock Exchange for the last five trading days up to and including the First Suspension Date;

(iv) a premium of approximately 41.97% over the average closing price of HK$1.282 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the First Suspension Date;

(v) a premium of approximately 43.87% over the average closing price of HK$1.265 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the First Suspension Date;

(vi) a premium of approximately 66.97% over the average closing price of HK$1.09 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the First Suspension Date; and

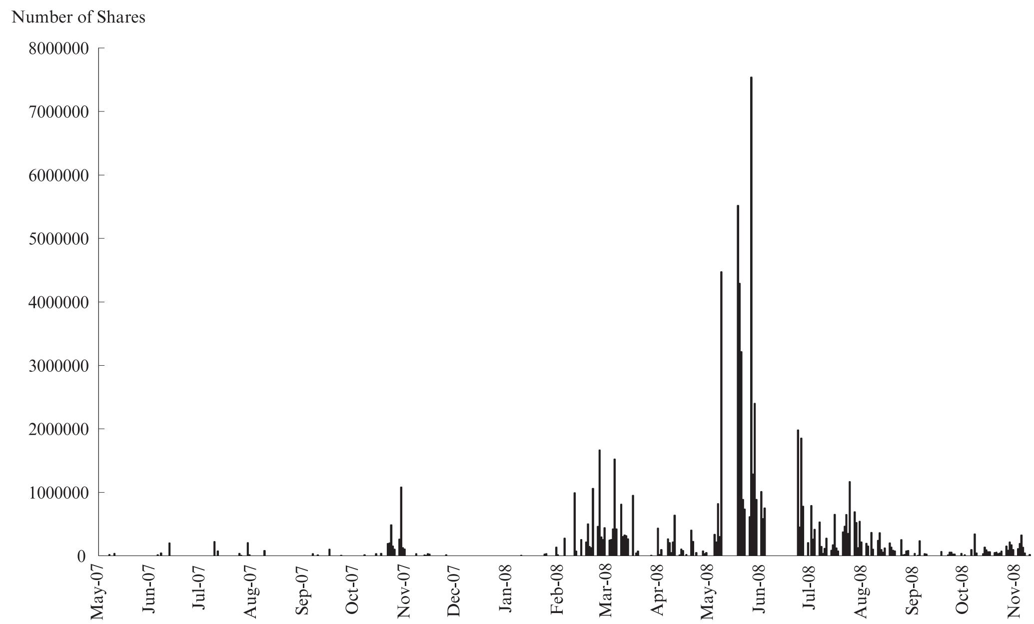
(vii) a premium of approximately 92.19% over the average closing price of HK$0.947 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the First Suspension Date.

During the Extended Review Period, the lowest closing price was HK$0.57 per Share, recorded on 8 to 10 May 2007 respectively and the highest closing price was HK$4.90 per Share, recorded on 30 May 2008. During the Full Review Period, the lowest closing price was HK$0.57 per Share recorded on 8 to 10 May 2007 respectively and the highest closing price was HK$6.18 per Share, recorded on 4 August 2008. We note that after reaching a peak of HK$6.18 on 4 August 2008, the closing price of the Shares dropped drastically and was once below the Offer Price. As at the Latest Practicable Date, the closing price of the Shares was HK$2.80.

- *Liquidity*

For the purpose of assessing the trading liquidity of the Shares, the following chart shows the daily trading volume of the Shares during the Full Review Period:

Trading Volume



Source: Infocast

Month	Highest daily turnover *(in number of Shares)*	Lowest daily turnover *(in number of Shares)*	Average daily turnover *(in number of Shares)*	Number of trading days with no turnover *(in days)*	Percentage of average daily turnover over total number of Shares in issue *(note 1)* *(%)*	Percentage of average daily turnover over total number of Shares held by the holders of Disinterested Shares *(note 2)* *(%)*
2007						
May	35,000	0	2,619	19	0.001%	0.004%
June	200,000	0	12,750	17	0.006%	0.020%
July	220,000	0	26,429	15	0.012%	0.042%
August	80,000	0	3,478	22	0.002%	0.006%
September	100,000	0	7,632	15	0.003%	0.012%
October	1,080,000	0	127,143	10	0.058%	0.203%
November	105,000	0	10,000	15	0.005%	0.016%
December	0	0	0	19	0.000%	0.000%
2008						
January	135,000	0	8,864	18	0.004%	0.014%
February	1,665,000	0	356,075	4	0.162%	0.569%
March	1,520,000	0	312,632	5	0.142%	0.500%
April	635,000	0	141,190	3	0.064%	0.226%
May	7,540,000	0	2,093,963	1	0.952%	3.347%
June	1,980,000	205,000	950,843	0	0.432%	1.520%
July	1,165,000	35,000	388,313	0	0.177%	0.621%
August	365,000	10,000	148,684	0	0.068%	0.238%
September	235,000	0	30,714	8	0.014%	0.049%
October	340,000	0	86,905	2	0.040%	0.139%
November (3 November to the Latest Practicable Date)	325,000	20,000	135,833	0	0.062%	0.217%

Source: Infocast

Notes:

1. Based on the total number of issued Shares of 220,000,000 Shares before the Completion as at 5 November 2008

2. Based on the total number of Shares held by the holders of Disinterested Shares of 62,563,000 Shares as at the Latest Practicable Date

During the Full Review Period, no trading of the Shares was recorded on 173 trading days on the Stock Exchange. As illustrated in the table above, the trading volume of the Shares during the Full Review Period has been thin. During the period from May 2007 to April 2008, the highest daily average trading volume amounted to 356,075 Shares recorded in February 2008, only representing approximately 0.162% of the total number of issued Shares and approximately 0.569% of the total number of Shares held by the holders of Disinterested Shares respectively. Later, during May and June 2008, the trading volume of the Shares became relatively higher. Despite the relatively higher trading volume in May 2008 (especially on 9, 19 to 21 and 27 May 2008), the daily average trading volume dropped substantially during August to October 2008 and further up to the Latest Practicable Date, thus, we consider the liquidity of the Shares was thin during most of the time in the Full Review Period.

(iii) Price-earnings multiple

As the Company is principally engaged in the production and trading of metal die-casting products, price-earnings multiple is one of the most commonly used benchmarks for valuing the Company. However, the Group has been in a loss making position for the year ended 31 December 2007. Accordingly, it would not be feasible and meaningful to assess the Offer Price using the price-earnings multiple approach.

(iv) Net Assets

As the Company is principally engaged in the production and trading of metal die-casting products, it is also common in the investment community to value a company principally engaged in the manufacturing business by reference to its net asset value. For comparison purpose, we have attempted to make reference to companies listed on the Stock Exchange, Shenzhen Stock Exchange, Shanghai Stock Exchange and Singapore Stock Exchange which are principally engaged in the same business of the Company and we could only identified two companies (the "Comparables") listed on the Stock Exchange and Shenzhen Stock Exchange as at the Latest Practicable Date respectively which are principally engaged in the production and trading of metal die-casting products with their respective production facility located in the PRC. Although there are only two companies in the list of the Comparables, it represents an exhaustive list and the business of the Comparables are closely comparable to that of the Company. In addition, we note that the market capitalisation of the Company was approximately HK$284 million whilst the market capitalisation of the Comparables were approximately HK$349 million and RMB448 million respectively which we consider that are within acceptable range for our comparison. Accordingly, we consider that it is relevant and appropriate to compare the premium of the Offer Price over net asset value of the Company with the premium or discount of the closing share prices of the Comparables over their respective net asset value.

We have reviewed and tabulated below the premium or discount of the closing share prices of the Comparables as at 8 May 2008 over their respective net tangible asset value as reported in their latest published financial reports:

Stock code	Company name	Year end date	Approximate market capitalisation as at 8 May 2008	Closing share price as at 8 May 2008	Latest published net tangible asset value per share	Premium/ (Discount) of the closing share price on 8 May 2008 over/(to) the latest published net tangible asset value per share
002101	Guangdong Hongtu Technology (Holdings) Company Limited	31 December	RMB448.3 million	RMB16.55	RMB5.230	216.4%
822	Ka Shui International Holdings Ltd.	31 December	HK$348.5 million	HK$0.396	HK$0.590	(32.9)%
					Mean	91.8%
					Median	91.8%
	Offer Price (HK$)			*HK$1.82*	*HK$0.862*	*111.1%*
	The Company	*31 December*	*HK$283.8 million*	*HK$1.29*	*HK$0.862*	*49.7%*

Source: www.hkex.com.hk and Infocast

As set out in the above table, the premium/(discount) of the closing share prices over/(to) the net tangible asset value per share of the Comparables ranges from a premium of approximately 216.4% to a discount of approximately 32.9%. Upon comparison, we note that the Offer Price represents a premium of approximately 111.13% over the net tangible asset value per Share of HK$0.862 which lies well above the median and mean of that of the Comparables and such premium is also significantly higher than the premium represented by the closing price of the Share as at the First Suspension Date. Based on the above comparison of the premium of the Offer Price over the net asset value with those of the Comparables and the Company, we consider that the Offer Price is fair and reasonable so far as the holders of Disinterested Shares are concerned from the sole perspective of net asset value.

(v) Intention of the Offeror regarding the future prospects of the Group

As set out in the section headed "Intentions of the Offeror regarding the Group" in the Letter from CCBIC, following Completion, the Offeror intends to conduct detail review on the Existing Business and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into investment or business opportunities, particularly those relating to uranium by leveraging on the background of its shareholders, to diversify the Group's business for the purpose of broadening its income source. Subject to the result of such review and if suitable investment or business opportunities are identified and materialised, it is the intention of the Offeror to utilise part of the net proceeds from the issuance of the Subscription Shares and the Convertible Note and, depending on the funding requirements, conduct fund raising exercises, to fund such investments and business development. No such investment or business opportunity has yet been identified as at the Latest Practicable Date. However, given the size of funding requirements involved in uranium projects in general, the Offeror stated that it considered it beneficial to substantially enhance the capital base and cash flow position of the Company at the outset to better prepare for the timely participation in any such business opportunities that may be identified and/or may materialise, particularly having regard to the length of time that is expected to obtain the approvals from relevant PRC Governmental authorities (including the National Development and Reform Commission, the Ministry of Commerce and/or the State Administration of Foreign Exchange, as applicable) that may be required for such capital injections. Notwithstanding the aforesaid, the Offeror intends to continue the Existing Business after Completion. As at the Latest Practicable Date, the Offeror has no intention to introduce any major changes to the business of the Group or to dispose of or re-deploy the assets of the Group, other than in the ordinary course of the business of the Group, following Completion.

As further set out in the Letter from CCBIC, after Completion, the Offeror would propose to remove all the existing Directors and nominate new Directors to the Board in compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules. On the same date, the existing executive Directors, namely Mr. Tsang Chiu Wai and Mr. Kong Cheuk Luen, Trevor, the existing non-executive Director, namely Mr. Wong Wing Sing and the existing independent non-executive Directors, namely, Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam, had tendered their resignations and such resignations will take effect from the Closing Date pursuant to Rule 7 of the Takeovers Code. On Completion, the Offeror has nominated new Directors to the Board and the Company had on Completion approved the appointments of Mr. Han Ruiping and Mr. Xu Hongchao, as executive Directors, Mr. Qiu Jiangang and Mr. Huang Mingang as non-executive Directors and Mr. Cui Liguo, Mr. Zhang Lei and Mr. Cheong Ying Chew, Henry as independent non-executive Directors. Such appointments will take effect immediately after despatch of this Composite Offer Document pursuant to Rule 26.4 of the Takeovers Code. We note that Mr. Han and Mr. Xu, being the proposed executive Directors, do not possess the necessary expertise in the die-casting industry and we consider that the continual management of the die-casting business of the Company by Mr. Tsang and Mr. Kong can facilitate the Company to maintain its existing business as well as to retain its existing customers and employees.

Given the background of the shareholders of the Offeror and its intention to look into investment or business opportunities particularly relating to uranium and diversify the Group's business and having considered that the intended resignations of all the existing Directors from the Board and the proposed change in the composition of the Board, we consider that there are uncertainties on the future business operation of the Group.

RECOMMENDATION

Having considered the principal factors set out above, in particular, the following:

(i) the trading liquidity of the Shares has been thin during most of the Full Review Period;

(ii) the Offer Price represents a substantial premium of approximately 111.14% over the audited net asset value per Share as at 31 December 2007, which lies above the mean and the median of the Comparables;

(iii) the Offer Price represents a premium of approximately 41.09% over the closing price of the Share on the First Suspension Date; and

(iv) the Offer Price represents premia of approximately 42.19%, 41.97%, 43.87%, 66.97% and 92.19% over the average closing price of approximately HK$1.28, HK$1.282, HK$1.265, HK$1.09 and HK$0.947 per Share as quoted on the Stock Exchange for the 5, 10, 30, 90 and 180 consecutive trading days up to and including the First Suspension Date respectively,

Notwithstanding that the closing of the Shares surged to a level much higher than the Offer Price after the First Suspension Date and remained at a level much higher than the Offer Price as at the Latest Practicable Date, we consider that the Offer is fair and reasonable so far as the holders of Disinterested Shares are concerned, and accordingly, we recommend the Independent Board Committee to recommend the holders of Disinterested Shares to accept the Offer. However, the holders of Disinterested Shares should note that the Shares had been trading well above the Offer Price after the publication of the Announcement and the closing price of the Shares was much higher than the Offer Price as at the Latest Practicable Date and those holders of Disinterested Shares who wish to realize their investment in the Shares are reminded that they should carefully and closely monitor the market price of the Shares during the period of the Offer and consider selling their Shares in the open market during the period of the Offer, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer.

For those holders of Disinterested Shares who wish to retain part or all of their shareholding in the Company should note that the Group's financial performance had been loss making for the year ended 31 December 2007 and the six months ended 30 June 2008 respectively. There is still uncertainty as to whether or when the future prospects of the Group will be improved after the close of the Offer. Accordingly, those holders of Disinterested Shares should carefully consider the future intentions of the Offeror regarding the Group after the close of the Offer, details of which are set out in the Letter from CCBIC.

The holders of Disinterested Shares should also note the possibility that the consistently thin trading volume of the Shares (as recorded during most of time in the Full Review Period) may render the holders of Disinterested Shares difficult to dispose of their Shares in the market after the close of the Offer without exerting downward pressure on the price of the Shares. We note that the trading volume of the Shares surged after the publication of the Announcement but it is uncertain that such high level of trading volume will be sustainable in the long term. The holders of Disinterested Shares who believe that they will be unable to sell the Shares in the market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as an alternative exit of their investments.

In any case, the holders of Disinterested Shares should read carefully the procedures for accepting the Offer as detailed in the Composite Offer Document and are strongly advised that the decision to realize or to hold their investment in the Shares is subject to individual circumstances and investment objectives.

Yours faithfully,
For and on behalf of
Partners Capital International Limited
Alan Fung
Managing Director

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(a) If the original Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must deliver the duly completed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer by hand or by post to the Registrar no later than 4:00 p.m. on Wednesday, 3 December 2008 (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), marking "United Metals Offer" on the envelope.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:

(i) lodge your original Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, by hand or by post, no later than 4:00 p.m. on Wednesday, 3 December 2008 (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), marking "United Metals Offer" on the envelope; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed Form of Acceptance together with the relevant original Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, by hand or by post, no later than 4:00 p.m. on Wednesday, 3 December 2008 (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), marking "United Metals Offer" on the envelope; or

(iii) if your Shares have been lodged with your broker/custodian bank through CCASS, instruct your broker/custodian bank to authorise HKSCC Nominees Limited to accept the Offer in respect of your Shares on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your broker/custodian bank for the timing on the processing of your instruction, and submit your instruction to your broker/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominee Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with HKSCC Nominees Limited for the timing on processing your instruction, and submit your instruction via the CCASS Phone System or CCASS Internet System.

(c) If the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar, by hand or by post, no later than 4:00 p.m. on Wednesday, 3 December 2008 (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code) together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you found such document(s) or if it/they become(s) available, it/they should be delivered to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to CCBIC and/or the Offeror and/or their respective agent(s) to collect from the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on Wednesday, 3 December 2008 or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered shareholder of Shares or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

(f) If the Form of Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(g) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) The address of the Registrar is at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(i) The consideration payable in respect of duly completed and valid acceptances of the Offer will be despatched to the persons entitled to it as soon as possible but in any event within 10 days following the date on which all the relevant documents are received by the Registrar to render acceptances of the Offer complete and valid.

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has been revised or extended with the consent of the Executive, the Offer will close at, and acceptance of the Offer must be received by, the Registrar by 4:00 p.m. on Wednesday, 3 December 2008.

If the Offer is extended or revised, the announcement of such extension or revision will state the revised Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the issue of the written notification of the extension or revision to the Shareholders and, unless subsequently extended or revised, shall be closed on the revised Closing Date. If the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

The Offeror may introduce new terms and conditions to be attached to any revision to the Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised offer and subject to the consent of the Executive.

If the Closing Date is extended, any reference in this Composite Offer Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

3. ANNOUNCEMENTS

(a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. (or such later time the Executive may in exceptional circumstances permit) on Wednesday, 3 December 2008, which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offer has been revised, extended or has expired. Such announcement must be published in accordance with the requirements set out below.

The announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must also (i) specify the percentages of any relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers; and (ii) include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

(b) In computing the total number of Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance condition set out in the sub-section (e) under paragraph headed "1. Procedures for acceptance" above in this Appendix.

(c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, will be published on the websites of the Company (www.unitedmetals.com.hk) and the Stock Exchange (www.hkex.com.hk). An announcement on the results of the Offer will be published on the website of the Stock Exchange and the website of the Company by 7:00 p.m. on Wednesday, 3 December 2008.

4. RIGHT OF WITHDRAWAL

(a) The Offer is unconditional in all respects. Acceptances of the Offer tendered by the Shareholders or by their agent(s) on their behalves shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in sub-paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "3. Announcements" above, the Executive may require that the Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

5. SETTLEMENT

(a) Provided that the relevant Form of Acceptance and/or the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Offer, a cheque for the amount representing the cash consideration due to each accepting Shareholder in respect of the Shares tendered by him/her/it or his/her/its agent(s) under the Offer, less seller's ad valorem stamp duty payable by him/her/it in the case for tendered Shares, will be despatched to each accepting Shareholder by ordinary post at his/her/its own risks within 10 days of the date on which the relevant documents which render such acceptance complete and valid are received by the Registrar.

(b) Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

6. GENERAL

(a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents through post at their own risks, and none of the Company, the Offeror, CCBIC, Partners Capital, the Registrar and their respective directors or agents or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the accompanying Form of Acceptance forms part of the terms of the Offer.

(c) The accidental omission to despatch this document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.

(e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, CCBIC or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares, in respect of which such person has accepted the Offer.

(f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by any such person or persons free from all liens, claims and encumbrances and together with all rights attaching thereto including the right to receive all future dividends or other distributions, if any, declared, paid or made on the Shares on or after the date of the Composite Offer Document.

(g) The settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

(h) Ad valorem stamp duty of the sellers at a rate of HK$1.00 for every HK$1,000 (or part thereof) of the consideration payable to the Shareholders who accept the Offer will (or the market value of the Shares, whichever is higher), which amount will be deducted from the amount payable to the relevant accepting Shareholders. The Offeror will then pay the stamp duty deducted to the stamp duty office on behalf of the accepting Shareholders.

(i) The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any Shares not acquired under the Offer after the Offer has closed.

(j) References to the Offer in this Composite Offer Document and in the Form of Acceptance shall include any extension and/or revision thereof.

(k) The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should obtain appropriate legal advice on and observe any applicable legal requirements. It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction.

(l) In making their decision, the Shareholders must rely on their own examination of the Offeror, the Company and terms of the Offer, including the merits and risks involved. The contents of this Composite Offer Document, including any general advice or recommendation contained herein together with the Form of Acceptance are not to be construed as any legal or business advice. Shareholders should consult their own professional advisers for advice.

(m) The English text of this Composite Offer Document and the Form of Acceptance shall prevail over the Chinese text.

1. FINANCIAL SUMMARY

Set out below is a summary of the financial information of the Group for each of the three years ended 31 December 2007 extracted from the unqualified audited financial statements of the Company for the relevant years as contained in the relevant annual reports of the Company.

Consolidated Income Statement

	For the year ended 31 December		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	234,919	242,831	186,621
Cost of sales	(209,638)	(202,042)	(158,105)
Gross profit	25,281	40,789	28,516
Other income	1,544	705	698
Selling and distribution expenses	(7,975)	(9,986)	(5,573)
Administrative expenses	(14,389)	(13,641)	(12,624)
Impairment loss on property, plant and equipment	(7,337)	—	—
Impairment loss on goodwill	—	(685)	—
Finance costs	(1,373)	(1,367)	(285)
Other expenses	(145)	(1,645)	(182)
(Loss) profit before taxation	(4,394)	14,170	10,550
Income tax credit (expense)	38	(754)	(221)
(Loss) profit for the year	(4,356)	13,416	10,329
(Loss) earnings per share — basic	(HK2.0 cents)	HK6.1 cents	HK4.7 cents

The Company did not have any minority interests and had not declared any dividends for the three years ended 31 December 2007.

Consolidated Balance Sheet

	As at 31 December		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	113,454	111,932	89,946
Prepaid lease payments	6,153	6,285	6,418
Goodwill	—	—	685
Available-for-sale investment	1,483	1,438	1,386
Deposits paid for acquisition of property, plant and equipment	3,249	6,738	7,867
	124,339	126,393	106,302
Current assets			
Inventories	40,983	41,328	35,668
Trade and other receivables and prepayments	55,745	57,404	50,872
Prepaid lease payments	133	133	133
Investments held for trading	543	—	461
Taxation recoverable	340	—	94
Bank balances and cash	18,807	31,348	18,134
	116,551	130,213	105,362
Current liabilities			
Trade and other payables and accruals	30,840	30,680	30,313
Taxation payable	84	390	359
Unsecured bank loans — due within one year	19,334	14,000	2,640
	50,258	45,070	33,312
Net current assets	66,293	85,143	72,050
Total assets less current liabilities	190,632	211,536	178,352
Non-current liabilities			
Unsecured bank loans — due after one year	—	17,466	2,060
Deferred tax liabilities	958	983	938
	958	18,449	2,998
Net assets	189,674	193,087	175,354
Capital and reserves			
Share capital	2,200	2,200	2,200
Reserves	187,474	190,887	173,154
Equity attributable to equity holders of the Company	189,674	193,087	175,354

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following are the audited consolidated financial statements of the Group for the year ended 31 December 2007, together with the accompanying notes relating thereto and the comparative figures for the year ended 31 December 2006, extracted from the Company's annual report for the year ended 31 December 2007.

Consolidated Income Statement

		For the year ended 31 December	
		2007	**2006**
	Notes	*HK$'000*	*HK$'000*
Revenue	5	234,919	242,831
Cost of sales		(209,638)	(202,042)
Gross profit		25,281	40,789
Other income	6	1,544	705
Selling and distribution expenses		(7,975)	(9,986)
Administrative expenses		(14,389)	(13,641)
Impairment loss on property, plant and equipment	12	(7,337)	—
Impairment loss on goodwill		—	(685)
Finance costs	7	(1,373)	(1,367)
Other expenses		(145)	(1,645)
(Loss) profit before taxation		(4,394)	14,170
Income tax credit (expense)	8	38	(754)
(Loss) profit for the year	9	(4,356)	13,416
(Loss) earnings per share — basic	11	(HK2.0 cents)	HK6.1 cents

Consolidated Balance Sheet

		At as 31 December	
		2007	**2006**
	Notes	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	12	113,454	111,932
Prepaid lease payments	13	6,153	6,285
Goodwill	14	—	—
Available-for-sale investment	15	1,483	1,438
Deposits paid for acquisition of property, plant and equipment	16	3,249	6,738
		124,339	126,393
Current assets			
Inventories	17	40,983	41,328
Trade and other receivables and prepayments	18	55,745	57,404
Prepaid lease payments	13	133	133
Investments held for trading	19	543	—
Taxation recoverable		340	—
Bank balances and cash	20	18,807	31,348
		116,551	130,213
Current liabilities			
Trade and other payables and accruals	21	30,840	30,680
Taxation payable		84	390
Unsecured bank loans — due within one year	22	19,334	14,000
		50,258	45,070
Net current assets		66,293	85,143
Total assets less current liabilities		190,632	211,536
Non-current liabilities			
Unsecured bank loans — due after one year	22	—	17,466
Deferred tax liabilities	23	958	983
		958	18,449
Net assets		189,674	193,087
Capital and reserves			
Share capital	24	2,200	2,200
Reserves		187,474	190,887
Equity attributable to equity holders of the Company		189,674	193,087

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	Attributable to equity holders of the Company								
	Share capital	**Share premium**	**Investments revaluation reserve**	**Non-distributable reserve**	**Merger reserve**	**General reserve fund**	**Translation reserve**	**Accumulated profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 24)			*(Note 25)*	*(Note 25)*	*(Note 25)*			
At 1 January 2006	2,200	39,352	(114)	16,584	127	6,139	—	111,066	175,354
Exchange differences arising from translation of foreign operations	—	—	—	—	—	—	4,265	—	4,265
Gain on fair value changes of available-for-sale investment	—	—	52	—	—	—	—	—	52
Income recognised directly in equity	—	—	52	—	—	—	4,265	—	4,317
Profit for the year	—	—	—	—	—	—	—	13,416	13,416
Total recognised income for the year	—	—	52	—	—	—	4,265	13,416	17,733
Transfer	—	—	—	—	—	455	—	(455)	—
At 31 December 2006	2,200	39,352	(62)	16,584	127	6,594	4,265	124,027	193,087
Exchange differences arising from translation of foreign operations	—	—	—	—	—	—	898	—	898
Gain on fair value changes of available-for-sale investment	—	—	45	—	—	—	—	—	45
Income recognised directly in equity	—	—	45	—	—	—	898	—	943
Loss for the year	—	—	—	—	—	—	—	(4,356)	(4,356)
Total recognised income (loss) for the year	—	—	45	—	—	—	898	(4,356)	(3,413)
Transfer	—	—	—	—	—	408	—	(408)	—
At 31 December 2007	2,200	39,352	(17)	16,584	127	7,002	5,163	119,263	189,674

Consolidated Cash Flow Statement

	For the year ended 31 December 2007 *HK$'000*	2006 *HK$'000*
OPERATING ACTIVITIES		
(Loss) profit before taxation	(4,394)	14,170
Adjustments for:		
Depreciation of property, plant and equipment	17,294	14,547
Dividend income	(30)	(30)
Finance costs	1,373	1,367
Impairment loss on goodwill	—	685
Impairment loss on property, plant and equipment	7,337	—
Interest income	(236)	(275)
Loss on disposal of property, plant and equipment	—	199
Operating cash flows before movements in working capital	21,344	30,663
Decrease (increase) in inventories	345	(3,755)
Decrease (increase) in trade and other receivables and prepayments	1,659	(6,341)
(Increase) decrease in investments held for trading	(543)	461
Decrease in trade and other payables and accruals	(1,718)	(1,379)
Cash generated from operations	21,087	19,649
Hong Kong Profits Tax paid	(563)	(14)
Taxation in other jurisdictions paid	(70)	(570)
NET CASH FROM OPERATING ACTIVITIES	20,454	19,065
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,812)	(25,504)
Deposits paid on acquisition of property, plant and equipment	(3,249)	(6,738)
Dividends received	30	30
Interest received	236	275
Proceeds from disposal of property, plant and equipment	—	58
NET CASH USED IN INVESTING ACTIVITIES	(19,795)	(31,879)

	For the year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Repayment of bank loans	(22,132)	(2,640)
Interest paid	(1,373)	(1,367)
New bank loans raised	10,000	29,406
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(13,505)	25,399
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,846)	12,585
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	31,348	18,134
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	305	629
CASH AND CASH EQUIVALENTS CARRIED FORWARD, represented by bank balances and cash	18,807	31,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2007

1. GENERAL

United Metals Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 25 June 2002 and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 6 January 2003.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The functional currency of the Company is United States dollars ("US$"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the shareholders, as the Company is listed in Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are die casting and sale of metal products.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment, and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

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

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or 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]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 March 2007
4 Effective for annual periods beginning on or after 1 January 2008
5 Effective for annual periods beginning on or after 1 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 1 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. SIGNIFICANT ACCOUNTING POLICIES

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 issued by 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 and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisition of net assets and operations of another entity after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit ("CGU") to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant CGU, or groups of CGU, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods are recognised when goods are delivered and title has passed.

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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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 after taking into account their estimated residual value, using the straight line method.

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 recognised 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 derecognised 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 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 derecognised.

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as a deduction from the carrying amount of the relevant asset and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are deducted in reporting the related expense.

Retirement benefit costs

Payments to retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

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 or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial asset's at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis.

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss consist of financial assets held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are neither classified as financial assets at fair value through profit or loss nor loans and receivables. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those financial assets at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables and unsecured bank loans are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Estimated impairment on construction-in-progress/prepaid lease payments

The construction-in-progress include in the property, plant and equipment and the relevant prepaid lease payment are regarded as a single CGU of the Group which represents the new factory premises under construction in Shanghai, the People's Republic of China (the "PRC"), engaging in the sole and manufacture of aluminium die casting parts. Management reviews the recoverability of the Group's construction-in-progress and prepaid lease payments with reference to its intended use and profit generating power whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on construction-in-progress and prepaid lease payments erected and thereon, the Group takes into consideration the present value of future cash flow expected to receive, as well as rights to the use of land (the "Land use right"). Impairment is recognised based on the higher of estimated future cash flow and estimated market value. While the Group has paid the relevant Land use right fees in full, due to general local practice in the PRC, the Group has not yet obtained formal title to the Land use right until factory premises are completed on the relevant land. If the legal dispute as set out in note 12 change significantly that lead to further delay of the completion of the factory premises, resulting in a decrease in the recoverable amount of the Land use right, impairment loss may be required.

5. 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 year.

Business segments

For management purposes, the Group's business is currently organised into four operating divisions which are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Aluminium parts	—	sale of aluminium die casting parts manufactured and processed by the Group.
Zinc parts	—	sale of zinc die casting parts manufactured and processed by the Group and zinc die casting parts purchased from suppliers but processed by the Group.
Magnesium parts	—	sale of magnesium die casting parts manufactured and processed by the Group.
Others	—	sale of screw machined brass parts and other casting purchased from suppliers but processed by the Group.

For the year ended 31 December 2007

	Aluminium parts *HK$'000*	Zinc parts *HK$'000*	Magnesium parts *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
REVENUE	214,129	18,230	2,529	31	234,919
RESULTS					
Segment results	4,253	484	80	1	4,818
Dividend income from available-for-sale investment					30
Interest income					236
Impairment loss on property, plant and equipment					(7,337)
Unallocated corporate expenses					(768)
Finance costs					(1,373)
Loss before taxation					(4,394)
Income tax credit					38
Loss for the year					(4,356)
BALANCE SHEET					
ASSETS					
Segment assets	170,315	13,904	3,582	90	187,891
Available-for-sale investment					1,483
Investment held for trading					543
Unallocated corporate assets					50,973
Consolidated total assets					240,890
LIABILITIES					
Segment liabilities	13,223	98	34	—	13,355
Unsecured bank loans					19,334
Unallocated corporate liabilities					18,527
Consolidated total liabilities					51,216
OTHER INFORMATION					
Capital additions	20,029	2,027	3,706	—	25,762
Depreciation of property, plant and equipment	16,430	499	365	—	17,294

For the year ended 31 December 2006

	Aluminium parts	Zinc parts	Magnesium parts	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	219,842	17,727	4,870	392	242,831
RESULTS					
Segment results	15,548	899	329	8	16,784
Dividend income from available-for-sale investment					30
Interest income					275
Unallocated corporate expenses					(1,552)
Finance costs					(1,367)
Profit before taxation					14,170
Income tax expense					(754)
Profit for the year					13,416
BALANCE SHEET					
ASSETS					
Segment assets	168,169	18,953	3,693	89	190,904
Available-for-sale investment					1,438
Unallocated corporate assets					64,264
Consolidated total assets					256,606
LIABILITIES					
Segment liabilities	19,212	7,231	—	—	26,443
Unsecured bank loans					31,466
Unallocated corporate liabilities					5,610
Consolidated total liabilities					63,519
OTHER INFORMATION					
Capital additions	31,630	2,991	—	—	34,621
Depreciation of property, plant and equipment	13,702	626	219	—	14,547
Loss on disposal of property, plant and equipment	199	—	—	—	199

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market	
	2007	**2006**
	HK$'000	*HK$'000*
The PRC, including Hong Kong	81,250	86,591
North America	79,574	80,235
Europe	62,777	56,717
Others	11,318	19,288
	234,919	242,831

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Geographical region				
The PRC	143,454	145,380	23,929	34,546
Hong Kong	44,437	45,524	1,833	75
	187,891	190,904	25,762	34,621

6. OTHER INCOME

	2007	**2006**
	HK$'000	*HK$'000*
Included in other income are the following:		
Dividend income from available-for-sale investment	30	30
Net exchange gain	—	400
Interest income	236	275

7. FINANCE COSTS

	2007	**2006**
	HK$'000	*HK$'000*
Interest on unsecured bank loans wholly repayable within five years	1,373	846
Interest on loan from a related company	—	521
	1,373	1,367

8. INCOME TAX (CREDIT) EXPENSE

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
Current year	—	425
Overprovision in previous years	(85)	(12)
	(85)	413
Taxation in other jurisdictions		
Current year	257	296
Overprovision in previous years	(185)	—
	72	296
	(13)	709
Deferred tax *(note 23)*:		
Current year	(25)	45
Taxation attributable to the Company and its subsidiaries	(38)	754

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit.

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 Castings (Dongguan) Co., Ltd. 東莞科鑄金屬制品有限公司 ("United Castings") and United Metal Products (Shanghai) Co., Ltd. 科鑄金屬制品(上海)有限公司 ("United Shanghai") 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 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 2007 as over 70% of Dongguan United's turnover is for export purpose. Accordingly, the tax rate for the year of 2007 is 12% (2006: 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 25%. No provision for taxation has been made for United Casting.

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

On 16 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 6 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 1 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%.

The tax (credit) charge for the year can be reconciled to the (loss) profit before taxation per the income statement as follows:

	2007	**2006**
	HK$'000	*HK$'000*
(Loss) profit before taxation	(4,394)	14,170
Tax at the PRC enterprise income tax rate of 24% (2006: 24%)	(1,055)	3,401
Tax effect of income not taxable for tax purpose	(557)	(2,607)
Tax effect of expenses not deductible for tax purpose	2,455	691
Utilisation of tax losses previously not recognised	—	(220)
Effect of tax exemptions granted to the Company's certain subsidiaries	(1,033)	(561)
Tax effect of tax losses not recognised	429	168
Effect of different tax rates of subsidiaries operating in other jurisdictions	9	(109)
Overprovision in previous years	(270)	(12)
Others	(16)	3
Taxation for the year	(38)	754

9. (LOSS) PROFIT FOR THE YEAR

	2007	**2006**
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Directors' remuneration *(note 10)*	5,648	5,675
Other staff costs	51,397	49,715
Retirement benefit schemes contributions *(note 31)*	1,188	1,663
Total staff costs	58,233	57,053
Amortisation of prepaid lease payments	133	133
Less: Amount capitalised in construction in progress	(133)	(133)
	—	—
Auditor's remuneration	1,018	628
Cost of inventories recognised as expense	209,638	202,042
Depreciation of property, plant and equipment	17,294	14,547
Net exchange loss	685	—
Loss on disposal of property, plant and equipment	—	199
Operating lease charges on land and buildings	3,611	3,143

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the six (2006: seven) directors are as follows:

2007

	Tsang Chiu Wai	Kong Cheuk Luen, Trevor	Lee Tho Siem	Wang Jianguo	Loke Yu, alias Loke Hoi Lam	Wong Wing Sing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Directors' fee	—	—	55	55	55	55	220
Other emoluments							
Salaries and other benefits	2,453	2,951	—	—	—	—	5,404
Retirement benefit scheme contributions	12	12	—	—	—	—	24
Total emoluments	2,465	2,963	55	55	55	55	5,648

2006

	Thomas Lau, Luen-hung*	Tsang Chiu Wai	Kong Cheuk Luen, Trevor	Lee Tho Siem	Wang Jianguo	Loke Yu, alias Loke Hoi Lam	Wong Wing Sing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Directors' fee	48	—	—	50	50	50	50	248
Other emoluments								
Salaries and other benefits	—	2,342	2,918	—	—	—	—	5,260
Discretionary bonus *(Note)*	143	—	—	—	—	—	—	143
Retirement benefit scheme contributions	—	12	12	—	—	—	—	24
Total emoluments	191	2,354	2,930	50	50	50	50	5,675

* *Mr. Thomas Lau, Luen-hung was resigned on 15 December 2006.*

Note: The discretionary bonus is determined by the board of directors.

Of the five individuals with the highest emoluments in the Group, two individuals (2006: two individuals) were directors of the Company whose emoluments are included in the disclosure set out above. The emoluments of the remaining three individuals (2006: three individuals) were as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries and other benefits	2,068	1,901
Retirement benefit schemes contributions	24	12
	2,092	1,913

	2007	**2006**
	No. of individuals	*No. of individuals*
Emoluments of the employees were within the following band:		
Nil to HK$1,000,000	3	3

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

11. (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:

	2007	**2006**
	HK$'000	*HK$'000*
(Loss) profit for the year	(4,356)	13,416

	2007	**2006**
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 as there were no potential dilutive ordinary shares outstanding during the year.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 January 2006	3,554	10,131	119,073	10,080	1,330	4,990	149,158
Exchange realignment	66	229	3,092	248	26	—	3,661
Additions	—	1,290	13,587	1,483	—	18,261	34,621
Disposals	—	—	(810)	—	—	—	(810)
At 31 December 2006	3,620	11,650	134,942	11,811	1,356	23,251	186,630
Exchange realignment	95	125	1,492	357	38	—	2,107
Transfer	—	—	942	—	—	(942)	—
Additions	—	2,263	12,088	2,589	—	8,822	25,762
Written-offs	—	(875)	—	—	—	—	(875)
At 31 December 2007	3,715	13,163	149,464	14,757	1,394	31,131	213,624
DEPRECIATION AND IMPAIRMENT							
At 1 January 2006	1,855	5,329	45,615	5,371	1,042	—	59,212
Exchange realignment	34	121	1,185	132	20	—	1,492
Provided for the year	445	1,755	10,713	1,567	67	—	14,547
Eliminated on disposals	—	—	(553)	—	—	—	(553)
At 31 December 2006	2,334	7,205	56,960	7,070	1,129	—	74,698
Exchange realignment	80	116	1,195	291	34	—	1,716
Provided for the year	430	2,885	12,026	1,887	66	—	17,294
Impairment loss recognised in the income statement	—	—	—	—	—	7,337	7,337
Eliminated on written-offs	—	(875)	—	—	—	—	(875)
At 31 December 2007	2,844	9,331	70,181	9,248	1,229	7,337	100,170
CARRYING VALUE							
At 31 December 2007	871	3,832	79,283	5,509	165	23,794	113,454
At 31 December 2006	1,286	4,445	77,982	4,741	227	23,251	111,932

The above items of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and after taking into account of their estimated residual value on a straight-line basis at the following rates per annum:

Buildings	Over the term of the lease, or 20 years, whichever is the shorter
Leasehold improvements	Over the term of the lease, or 20 years, whichever is the shorter
Plant and machinery	9%
Furniture, fixtures and equipment	18%–25%
Motor vehicles	18%–25%

In respect of the alleged breach of contractual undertakings of several construction contracts, a subsidiary has been named as a defendant in a District Court action in the PRC. This resulted in a significant delay in the completion date of the new factory premises, the directors of the Company conducted an impairment review in respect of the Group's construction in progress. A number of these assets were determined to be impaired because of technical obsolescence. Accordingly, an impairment loss of approximately HK$7,337,000 was recognised during the year.

13. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent payments for medium-term land use right in the PRC.

Analysed for reporting purposes as:

	2007	**2006**
	HK$'000	*HK$'000*
Current asset	133	133
Non-current asset	6,153	6,285
	6,286	6,418

Note: The amount had been reduced by a government grant of approximately HK$8,335,000 in the form of deduction of consideration paid in respect of the land use right acquired by the Group in a prior year. Details are set out in note 32.

Prepaid lease payments are amortised over the term of the land use right of 50 years on a straight-line basis.

The amount represents the Land use right in the PRC acquired by the Group. While the Group has paid the full purchase consideration, the relevant government authorities have not granted formal title to the Land Right to the Group. In the opinion of the directors, the absence of formal title to the Land Right does not impair the value of the relevant properties to the Group. The directors also believe that formal title to the Land use right will be granted to the Group in due course.

14. GOODWILL

	HK$'000
COST	
At 1 January 2006, 31 December 2006 and 31 December 2007	685
AMORTISATION AND IMPAIRMENT	
At 1 January 2006	—
Impairment loss recognised	685
At 31 December 2006 and 31 December 2007	685
CARRYING VALUE	
At 31 December 2007	—
At 31 December 2006	—

For the purpose of impairment testing, goodwill has been allocated to two individual CGUs, the zinc parts and magnesium parts segment. The recoverable amounts of these units have been determined based on a value in use calculation.

For impairment assessment purpose, cash flow projections covering a five-year period at a discount rate of 5% is used. Since the recoverable amount is lower than the carrying value of the goodwill, the Group recognised a full impairment loss of HK$685,000 on goodwill for the year ended 31 December 2006.

15. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprise:

	2007	**2006**
	HK$'000	*HK$'000*
Unlisted investment fund	1,483	1,438

As at the balance sheet dates, all available-for-sale investment is stated at fair value. Fair value of this investment has been determined by reference to the prices quoted by the counterparty financial institution.

16. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits were paid by the Group in connection with the acquisition of property, plant and equipment for production facilities in the PRC. Additional amounts committed are shown as capital commitments in note 29.

17. INVENTORIES

	2007	**2006**
	HK$'000	*HK$'000*
Raw materials	13,156	12,947
Work-in-progress	14,258	17,365
Finished goods	13,569	11,016
	40,983	41,328

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2007	**2006**
	HK$'000	*HK$'000*
Trade receivables	50,993	51,714
Less: allowance for doubtful debts	—	—
	50,993	51,714
Other receivables		
Deposits paid	2,540	2,345
Others	1,259	2,756
	3,799	5,101
Prepayments	953	589
	55,745	57,404

The Group allows a credit period of 60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	30,133	24,901
31 to 60 days	11,979	18,241
61 to 90 days	5,383	5,463
91 to 120 days	2,757	1,159
Over 120 days	741	1,950
	50,993	51,714

Before accepting any new customer, the Group will understand the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with an appropriate credit history. Credit limits attributed to customers are reviewed regularly.

At both balance sheet dates, the directors considered that trade receivables which are neither past due nor impaired area of good credit quality.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$8,881,000 (2006: HK$8,572,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2007	2006
	HK$'000	*HK$'000*
61 to 90 days	5,383	5,463
91 to 120 days	2,757	1,159
Over 120 days	741	1,950
Total	8,881	8,572

The directors considered trade receivables which are past due but not impaired are of good credit quality because of satisfactory settlement received after year end.

Trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2007	2006
	HK$'000	*HK$'000*
Renminbi ("RMB")	271	237
US$	35,142	35,829
Japanese Yen ("Yen")	—	4,662
Euro ("EUR")	1,471	2,843

19. INVESTMENTS HELD FOR TRADING

	2007	2006
	HK$'000	*HK$'000*
Investments held for trading comprise:		
Equity securities listed in Hong Kong	543	—

The fair values of the above investments held for trading are determined based on the quoted market bid prices available on the Stock Exchange.

20. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 4.86%.

Bank balances that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2007	2006
	HK$'000	*HK$'000*
RMB	564	1,042
US$	7,453	17,521
Yen	1,551	—
EUR	1,217	1,687

21. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of trade payables at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Trade payables		
0 to 30 days	6,514	2,595
31 to 60 days	2,005	4,230
61 to 90 days	437	242
91 to 120 days	222	132
Over 120 days	688	310
	9,866	7,509
Other payables		
Accruals	17,485	20,023
Deposits received	3,489	3,148
	20,924	23,171
	30,840	30,680

The average credit period on purchase of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2007	2006
	HK$'000	*HK$'000*
RMB	2,234	—
US$	2,521	3,689
EUR	951	350

22. UNSECURED BANK LOANS

	2007	2006
	HK$'000	*HK$'000*
The unsecured bank loans are repayable as follows:		
Within one year	19,334	14,000
More than one year, but not exceeding two years	—	3,556
More than two years, but not exceeding five years	—	13,910
	19,334	31,466
Less: Amounts due within one year and shown under current liabilities	(19,334)	(14,000)
Amounts due after one year	—	17,466

Bank loans comprise:

	Carrying amount	
	2007	2006
	HK$'000	*HK$'000*
Floating-rate borrowings:		
HIBOR + 0.45%(1)	10,000	—
LIBOR + 0.8%(1)	9,334	19,406
HIBOR + 1%(2)	—	10,000
HIBOR + 1.5%(2)	—	2,060
	19,334	31,466

(1) Repayable at the end of each interest period. Amount repaid may be redrawn immediately. The interval of each interest period vary from one to three months.

(2) Both unsecured bank loans were fully repaid during the year.

The average effective interest rate of the Group's unsecured bank loans is 5.5% (2006: 4.8%) per annum.

Included in the unsecured bank loans is a bank loan of US$1,200,000, equivalent to HK$9,334,000 (2006: US$2,500,000, equivalent to HK$19,406,000) which is denominated in currency other than functional currency of the relevant group entity.

23. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2006	2,959	(2,021)	938
(Credited) charged to the income statement for the year	(78)	123	45
At 31 December 2006	2,881	(1,898)	983
(Credited) charged to the income statement for the year	(219)	194	(25)
At 31 December 2007	2,662	(1,704)	958

At the balance sheet date, the Group had unused tax losses of approximately HK$12,316,000 (2006: HK$11,638,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$9,734,000 (2006: HK$10,844,000) of such losses due to future taxable profits are expected to generate based on the profit projection prepared by the management. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$2,582,000 (2006: HK$794,000) due to the unpredictability of future profits streams. These unrecognised tax losses will gradually expire from 2009 to 2012.

24. SHARE CAPITAL

	Number of ordinary shares 2007 & 2006	Amount 2007 & 2006
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January and 31 December	1,000,000,000	10,000
Issued and fully paid:		
At 1 January and 31 December	220,000,000	2,200

25. RESERVES

The non-distributable reserve represents the aggregate amount of the share premium of the subsidiaries.

The merger reserve represents the difference between the aggregate nominal amount of the share capital of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to the group reorganisation effected on 13 December 2002 (the "Group Reorganisation").

As stipulated by the relevant laws and regulations in the PRC, subsidiaries established in the PRC (the "PRC subsidiaries") are required to maintain a general reserve fund which is non-distributable. Appropriations to this reserve fund is made out of profit for the year of the PRC subsidiaries' PRC statutory financial statements which are prepared in accordance with the accounting principles generally accepted in the PRC. The amount and allocation basis are decided by the board of directors of the PRC subsidiaries annually and is not less than 10% of the profit for the year of the PRC subsidiaries for that year. The general reserve fund can be used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

26. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted for a period of ten years commencing from 11 December 2002 pursuant to a written resolution of all shareholders passed on 11 December 2002 for the primary purpose of providing incentives or rewards to directors and eligible employees. Under the Scheme, the Company may grant options to eligible employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside eligible advisors and consultants to the Company and its subsidiaries at the discretion of its board of directors.

The number of shares which may be issued under the Scheme is subject to the following limits:

(i) the maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of issued shares of the Company from time to time;

(ii) without prior approval from the Company's shareholders, the total number of shares in respect of which options may be granted under the Scheme and any other share option scheme is not permitted to exceed 22,000,000 shares, representing 10% of the issued share capital of the Company at 6 January 2003; and

(iii) the number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued share capital of the Company as at the date of such grant.

A nominal consideration of HK$1 is payable upon acceptance of the grant of the option. The exercise price is determined by the directors of the Company and will be at least the higher of (i) the average of the closing prices of the ordinary shares of the Company for the five trading days immediately preceding the date of the grant; (ii) the closing price of the ordinary shares of the Company on the date of the grant; and (iii) the nominal value of the ordinary shares of the Company.

Any options granted under the Scheme must be exercised during such option period as may be determined and notified by the directors of the Company, which shall not exceed 10 years from the date of acceptance of the option.

No options have been granted under the Scheme since its adoption.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure its subsidiaries will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes unsecured bank loan, and equity attributable to equity holders of the Company, comprising share capital, share premium, investments revaluation reserve, non-distributable reserve, merger reserve, general reserve fund, translation reserve and accumulated profits as disclosed in the consolidated financial statements.

The directors of the Company review the capital structure annually. As part of this review, the directors of the Company assess the annual budget prepared by management of the Company. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues of the proposed floatation of the Company as well as the issue of new debt or the redemption of existing debt.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2007	2006
	HK$'000	*HK$'000*
Financial assets		
Fair value through profit or loss	543	—
Loans and receivables (including cash and cash equivalents)	73,599	88,163
Available-for-sale financial assets	1,483	1,438
Financial liabilities		
Amortised cost	29,200	38,975

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, investments held for trading, bank balances, trade and other payables, and unsecured bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's principal financial assets include trade and other receivables and cash and cash equivalents. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group only extends credit to customers based upon careful evaluation of the customers' financial conditions and credit history.

In addition, the Group reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's exposure to bad debts and concentration risk is minimal.

The Group has concentration of credit risk as 49% of the total trade receivables as at 31 December 2007 (2006: 60%) was due from the Group's five largest customers, respectively. Those five largest customers are either reputable automotive traders or agents with long business history with the Group. Management perform periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant. The historical experience in the collection of trade receivables from the five largest customers falls within the expectation of the directors.

Credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

(i) Foreign currency risk management

While most of the Group's operations are transacted in the functional currencies on the respective group entities, the Group undertakes certain transactions denominated in foreign currencies. The Group currently has not formulated any hedging policies against its exposure to currency risk. Yet, the Group still manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's monetary assets and monetary liabilities denominated in foreign currencies at the balance sheet dates are as follow:

	2007	**2006**
	HK$'000	*HK$'000*
Assets		
RMB	835	1,279
US$	42,595	53,350
Yen	1,551	4,662
EUR	2,688	4,530
Liabilities		
RMB	2,234	—
US$	11,855	23,095
EUR	951	350

Management monitors foreign exchange exposure as stated above and will consider hedging significant foreign currency exposure should the need arises.

Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. Management considers the Group does not expose to significant foreign currency risk as majority of its transactions are either denominated in functional currency of the Group's subsidiaries or in US$. US$ financial assets and financial liabilities are mainly held by two subsidiaries of the Company using HK$ as their functional currencies. Since HK$ is pegged to US$, relevant foreign currency risk is minimal. Except US$, there were only insignificant balances of financial assets and liabilities denominated in foreign currency at the balance sheet dates as disclosed above. A 5 per cent increase or decrease in functional currencies against relevant foreign currencies would not have a significant effect on the consolidated income statement of the Group.

(ii) Cash flow interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank balances and unsecured bank loans. Bank balances and unsecured bank loans at variable rates expose the Group to cash flow interest rate risk. Details of the Group's unsecured bank balances and unsecured bank loans are disclosed in notes 20 and 22 respectively.

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The management consider the interest rate risk arising on financial instruments is insignificant.

(iii) Other price risks

The Group does not expose to significant price risks on financial instruments. However, the Group is exposed to commodity price risk. The Group sources large quantities of metal materials which include aluminium, zinc and magnesium alloys for its manufacturing process. The Group currently does not have a commodity future hedging policy. However, management monitors its commodity price exposure and will consider hedging significant commodity price exposure should the need arises.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings.

The following tables detail Group's contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average effective interest rate	0 to 30 days	31 to 60 days	61 to 365 days	1–2 years	2–5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2007								
Trade and other payables	—	6,840	3,026	—	—	—	9,866	9,866
Unsecured bank loans	5.0	—	19,492	—	—	—	19,492	19,334
		6,840	22,518	—	—	—	29,358	29,200
As at 31 December 2006								
Trade and other payables	—	7,509	—	—	—	—	7,509	7,509
Unsecured bank loans	5.2	356	678	14,105	4,397	14,969	34,505	31,466
		7,865	678	14,105	4,397	14,969	42,014	38,975

Variable interest rate instruments is based on the rate outstanding at the balance sheet date.

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

29. CAPITAL COMMITMENTS

	2007	2006
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment:		
Contracted for but not provided in the financial statements	29,701	31,268

30. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under noncancellable operating leases for rented premises which fall due as follows:

	2007	2006
	HK$'000	*HK$'000*
Within one year	3,632	3,398
In the second to fifth year inclusive	9,028	8,086
Over five years	—	1,557
	12,660	13,041

Operating lease payments represent rentals payable by the Group for certain of its office premises and factory land and buildings. The average lease term is 13 years. Rentals are fixed and no arrangements have been entered into for contingent rental payments.

31. RETIREMENT BENEFIT SCHEMES

Effective from 1 December 2000, the Group has participated in a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its eligible employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contribution payable in the future years.

The Group is also required to make contributions to state-management retirement benefit schemes operated by the PRC government based on a certain percentage of the monthly payroll costs of the employees of Dongguan United, Everhope Industrial Limited ("Everhope") and United Castings. The Group has no other obligations under the state-management retirement benefit schemes in the PRC other than the contribution payable.

During the year, the total amount contributed by the Group to the relevant retirement benefit schemes are as follows:

	2007	2006
	HK$'000	*HK$'000*
MPF Scheme	183	208
State-management retirement benefit schemes	1,005	1,455
	1,188	1,663

32. GOVERNMENT GRANT

During the year ended 31 December 2005, the Group received a government grant of approximately HK$8,335,000 in relation to a piece of land use right situated in the PRC acquired by the Group during that year. The amount has been deducted from the carrying amount of the prepaid lease payments as set out in note 13. The amount is transferred to income in the form of reduced amortisation charge over the term of the prepaid lease payments. This policy has resulted in a credit to income in the current period of HK$167,000 (2006: HK$167,000). As at 31 December 2007, an amount of HK$7,904,000 (2006: HK$8,071,000) remains to be amortised.

33. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year ended 31 December 2006, the Group entered into a loan facility agreement with PC-steel Futures Co., Ltd., a company controlled by Mr. Lau, who was a director and a substantial shareholder of the Company, his directorship was ceased on 15 December 2006.

The maximum loan facility amount was HK$50,000,000. During the year ended 31 December 2006, the Group drew a loan of HK$16,000,000 and paid interest of HK$521,000. The loan was unsecured, interest bearing at HIBOR plus 1.5% per annum and fully repaid in 2006.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Short-term benefits	7,661	8,066
Post-employment benefits	36	35
	7,697	8,101

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

34. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Proportion of nominal value of issued/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2007 %	2006 %	2007 %	2006 %	
Dongguan United *(note i)*	PRC	Registered capital HK$40,000,000	—	—	100	100	Die casting and trading of metal products
Everhope	Hong Kong	Ordinary HK$2	—	—	100	100	Die casting and trading of metal products
United Metals Company Limited	Hong Kong	Ordinary HK$1,602	—	—	100	100	Trading of metal products
United Metals Asset Management Co., Ltd.	British Virgin Islands/ Hong Kong	Ordinary US$1	—	—	100	100	Investment holding
United Non-Ferrous (H.K.) Limited	Hong Kong	Ordinary HK$1,602	—	—	100	100	Provision of administrative services
United Metals Asset Management (H.K.) Co., Ltd.	Hong Kong	Ordinary HK$2	—	—	100	—	Investment holding
United Non-Ferrous (Overseas) Limited	British Virgin Islands/ Hong Kong	Ordinary US$17,622	100	100	—	—	Investment holding
United Non-Ferrous Sdn. Bhd.	Malaysia	Ordinary RM2	—	—	100	100	Investment holding and trading of metal products
United Shanghai *(note i)*	PRC	Registered capital US$12,000,000 *(note ii)*	—	—	100	100	Inactive
United Castings *(note i)*	PRC	Registered capital HK$18,000,000 *(note ii)*	—	—	100	100	Die casting and trading of metal products

Notes:

(i) Dongguan United, United Shanghai and United Castings are established in the PRC as wholly foreign owned enterprises.

(ii) As at 31 December 2007, the capital of United Shanghai and United Castings were paid up as to US$3,870,000 and HK$17,750,000, respectively.

(iii) None of the subsidiaries had issued any debt securities at the end of the year.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMNTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2008

The following is the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2008 together with the accompanying notes, extracted from the interim report of the Company for the six months ended 30 June 2008.

Condensed Consolidated Income Statement
For the six months ended 30 June 2008

		Six months ended 30 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

Condensed Consolidated Balance Sheet
At 30 June 2008

	Notes	At 30 June 2008 HK$'000 (unaudited)	At 31 December 2007 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	8	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	9	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	10	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	11	431	958
		431	958
Net assets		185,418	189,674
Capital and reserves			
Share capital	12	2,200	2,200
Reserves		183,218	187,474
Equity attributable to equity holders of the Company		185,418	189,674

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Share capital *HK$'000* *(Note 12)*	Share premium *HK$'000*	Investments revaluation reserve *HK$'000*	Non-distribution reserve *HK$'000*	Merger reserve *HK$'000*	General reserve fund *HK$'000*	Translation reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1 January 2007	2,200	39,352	(62)	16,584	127	6,594	4,265	124,027	193,087
Profit for the period	—	—	—	—	—	—	—	6,840	6,840
At 30 June 2007	2,200	39,352	(62)	16,584	127	6,594	4,265	130,867	199,927
Exchange differences arising from translation of foreign operations	—	—	—	—	—	—	898	—	898
Gain on fair value changes of available-for-sale investments	—	—	45	—	—	—	—	—	45
Income recognized directly in equity	—	—	45	—	—	—	898	—	943
Loss for the period	—	—	—	—	—	—	—	(11,196)	(11,196)
Total recognised income (loss) for the period	—	—	45	—	—	—	898	(11,196)	(10,253)
Transfer	—	—	—	—	—	408	—	(408)	—
At 31 December 2007	2,200	39,352	(17)	16,584	127	7,002	5,163	119,263	189,674
Exchange differences arising from translation of foreign operations	—	—	—	—	—	—	603	—	603
Gain on fair value changes of available-for-sale investments	—	—	13	—	—	—	—	—	13
Income recognized directly in equity	—	—	13	—	—	—	603	—	616
Loss for the period	—	—	—	—	—	—	—	(4,872)	(4,872)
Total recognised income (loss) for the period	—	—	13	—	—	—	603	(4,872)	(4,256)
Transfer	—	—	—	—	—	—	—	—	—
At 30 June 2008	2,200	39,352	(4)	16,584	127	7,002	5,766	114,391	185,418

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash from operating activities	10,541	7,219
Net cash used in investing activities	(7,552)	(6,133)
Net cash used in financing activities	(3,776)	(12,296)
Net decrease in cash and cash equivalents	(787)	(11,210)
Cash and cash equivalents at beginning of the period	18,807	31,348
Cash and cash equivalents at end of the period	18,020	20,138
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	18,020	20,138

NOTES TO THE CONDENSED CONSOLIDATED 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 on The Stock Exchange of Hong Kong Limited 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 31 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 (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 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 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 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 1 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

For management purposes, the Group's business is currently organized into four operating divisions which are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Aluminium parts	—	sale of aluminium die casting parts manufactured and processed by the Group.
Zinc parts	—	sale of zinc die casting parts manufactured and processed by the Group and zinc die casting parts purchased from suppliers but processed by the Group.
Magnesium parts	—	sale of magnesium die casting parts manufactured and processed by the Group.
Others	—	sale of screw machined brass parts and other casting purchased from suppliers but processed by the Group.

	Revenue Six months ended 30 June		**Segment Results Six months ended 30 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 following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

	Revenue Six months ended 30 June		Segment Results Six months ended 30 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 30 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 30 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. ("Dongguan United"), is regarded as a "High and New Technology enterprise with Foreign Investment", while United Metal Products (Shanghai) Co., Ltd. ("United Shanghai") and United Castings (Dongguan) Co., Ltd. ("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 30 June 2008.

On 16 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 6 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 1 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 30 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 30 June 2008 (six months ended 30 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 30 June 2008 HK$'000 (unaudited)	Six months ended 30 June 2007 HK$'000 (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 30 June 2007 and 2008 as there were no potential dilutive ordinary shares outstanding during the periods.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2008, the Group spent approximately HK$4,448,000 (six months ended 30 June 2007: HK$9,171,000) on additions to manufacturing plant and equipment in the PRC, in order to upgrade its manufacturing capabilities.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group generally allows a credit period of 60 days to its trade customers. An aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date is as follows:

	At 30 June 2008 HK$'000 (unaudited)	At 31 December 2007 HK$'000 (audited)
Trade receivables		
0 to 30 days	14,430	30,133
31 to 60 days	16,973	11,979
61 to 90 days	8,458	5,383
91 to 120 days	1,886	2,757
Over 120 days	1,702	741
	43,449	50,993
Other receivables		
Deposits paid	2,607	2,540
Others	1,814	1,259
	4,421	3,799
Prepayments	638	953
	48,508	55,745

10. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	At 30 June 2008 *HK$'000* (unaudited)	At 31 December 2007 *HK$'000* (audited)
Trade payables		
0 to 30 days	4,711	6,514
31 to 60 days	2,089	2,005
61 to 90 days	1,713	437
91 to 120 days	480	222
Over 120 days	888	688
	9,881	9,866
Other payables		
Accruals	21,984	17,485
Deposits received	4,323	3,489
	26,307	20,974
	36,188	30,840

11. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities and assets recognized and movements thereon during the current and prior periods:

	Accelerated tax depreciation *HK$'000* (unaudited)	Tax losses *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
At 1 January 2007	2,881	(1,898)	983
Credit to the condensed consolidated income statement for the period	(22)	(23)	(45)
At 30 June 2007	2,859	(1,921)	938
(Credit) debit to the condensed consolidated income statement for the period	(197)	217	20
At 31 December 2007	2,662	(1,704)	958
(Credit) debit to the condensed consolidated income statement for the period	(683)	156	(527)
At 30 June 2008	1,979	(1,548)	431

12. SHARE CAPITAL

	At 30 June 2008 *HK$'000* (unaudited)	At 31 December 2007 *HK$'000* (audited)
Authorised:		
1,000,000,000 ordinary shares of HK$0.01 each	10,000	10,000
Issued and fully paid:		
220,000,000 ordinary shares of HK$0.01 each	2,200	2,200

13. CAPITAL COMMITMENTS

	At 30 June 2008 *HK$'000* (unaudited)	At 31 December 2007 *HK$'000* (audited)
Capital expenditure in respect of acquisition of property, plant and equipment:		
Contracted for but not provided in the condensed consolidated financial statements	32,845	29,701

14. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 June 2008 *HK$'000* (unaudited)	At 31 December 2007 *HK$'000* (audited)
Within one year	4,250	3,632
In the second to fifth year inclusive	11,270	9,028
Over five years	—	—
	15,520	12,660

Operating lease payments represent rentals payable by the Group for certain of its office properties and factory land and buildings. The average lease term is 13 years. Rentals are fixed and no arrangements have been entered into for contingent rental payments.

15. CONTINGENT LIABILITIES

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

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than those in relation to the Offeror and CCBIC) and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this Composite Offer Document (other than those expressed by the Offeror and CCBIC) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document, the omission of which would make any statement in this Composite Offer Document misleading.

The members of the board of directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than those relating to the Company, the Group, the existing Directors, the Vendors, the Ultimate Shareholders and the Independent Financial Adviser) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this Composite Offer Document (other than those expressed by the Company, the Group, the existing Directors and the Independent Financial Adviser) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document, the omission of which would make any statement in this Composite Offer Document misleading.

2. SHARE CAPITAL OF THE COMPANY

(a) Authorised and issued share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised:

HK$10,000,000 divided into 1,000,000,000 ordinary shares of HK$0.01 each

Issued and fully paid up:

HK$3,791,683.08 divided into 379,168,308 ordinary shares of HK$0.01 each

Save for issuance of the Subscription Shares pursuant to the Agreement, no Shares have been issued since 31 December 2007, being the end of the last audited financial year of the Company, and up to the Latest Practicable Date. All the issued Shares rank pari passu in all respects including as to dividends, voting rights and capital.

As at the Latest Practicable Date, save for the Convertible Note, the Company had no other convertible securities, options, derivatives or warrants outstanding and has not entered into any agreement for the issue of any convertible securities, options, warrants or derivatives of the Company.

(b) Listing

The Shares are listed and traded on the Stock Exchange. No part of the issued share capital of the Company is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on, any other stock exchange.

3. MARKET PRICES

The table below shows the closing market prices of the Shares as quoted on the Stock Exchange on (a) the Latest Practicable Date; (b) the Pre-Suspension Date and (c) at the end of each of the calendar months during the Relevant Period:

Date	**Closing price per Share** *(HK$)*
31 December 2007	0.76
31 January 2008	0.85
29 February 2008	1.41
31 March 2008	1.32
30 April 2008	1.26
30 May 2008	4.90
4 June 2008 (Pre-Suspension Date)	4.85
30 June 2008	4.00
31 July 2008	6.15
29 August 2008	4.80
30 September 2008	4.00
31 October 2008	2.40
10 November 2008 (Latest Practicable Date)	2.80

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$6.18 each on 4 August 2008 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.65 each on 1 February 2008 and 4 February 2008.

4. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executive in shares and underlying shares of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange:

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company as at the Latest Practicable Date
Mr. Tsang Chiu Wai *(Note (a))*	Interest in a controlled corporation	11,215,825	2.96
Standard Beyond Limited *(Note (a))*	Beneficial owner	11,215,825	2.96
Mr. Kong Cheuk Luen, Trevor *(Note (b))*	Interest in a controlled corporation	6,792,588	1.79
Absolute Above Limited *(Note (b))*	Beneficial owner	6,792,588	1.79

Notes:

(a) These Shares were held by Standard Beyond Limited, which is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Tsang Chiu Wai. By virtue of the SFO, Mr. Tsang was deemed to be interested in the Shares held by Standard Beyond Limited.

(b) These Shares were held by Absolute Above Limited, which is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Kong Cheuk Luen, Trevor. By virtue of the SFO, Mr. Kong was deemed to be interested in the Shares held by Absolute Above Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or their associates had any interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far is known to the Directors, the following persons (not being a Director or a chief executive of the Company) had an interest or short positions in the Shares or underlying Shares of the Company which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company as at the Latest Practicable Date
The Offeror *(Note 1)*	Others	344,377,273 18,000,000(S)	90.82 4.75(S)
中國國核海外鈾資源開發公司 (China Nuclear International Uranium Corporation) *(Note 1)*	Interest in a controlled corporation	344,377,273 18,000,000(S)	90.82 4.75(S)
中國核工業集團公司 (China National Nuclear Corporation) *(Note 1)*	Interest in a controlled corporation	344,377,273 18,000,000(S)	90.82 4.75(S)

Name of Shareholder	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company as at the Latest Practicable Date
Challenge Shore *(Notes 2, 3)*	Person having a security interest in shares/ Others	284,377,273	75.00
CCB Financial Holdings Limited *(Note 3)*	Interest in a controlled corporation	284,377,273	75.00
CCB International (Holdings) Limited *(Note 3)*	Interest in a controlled corporation	284,377,273	75.00
CCB International Asset Management (Cayman) Limited *(Note 3)*	Interest in a controlled corporation	284,377,273	75.00
CCB International Asset Management Limited *(Note 3)*	Interest in a controlled corporation	284,377,273	75.00
CCB International Group Holdings Limited *(Note 3)*	Interest in a controlled corporation	284,377,273	75.00
China Construction Bank Corporation *(Note 3)*	Interest in a controlled corporation	284,377,273	75.00
China SAFE Investments Limited *(Note 3)*	Interest in a controlled corporation	284,377,273	75.00

Notes:

1. As at the Latest Practicable Date, 中國核工業集團公司 (China National Nuclear Corporation) was deemed to hold a long position of 344,377,273 Shares (comprising a long position of 284,377,273 Shares held by the Offeror and 60,000,000 Shares to be issued to the Offeror upon

exercise in full of the Convertible Note by the Offeror) and a short position of 18,000,000 Shares through a wholly-owned subsidiary, 中國國核海外鈾資源開發公司 (China Nuclear International Uranium Corporation), which in turn owned a 100% interest in the Offeror which directly held a long position of 344,377,273 Shares and a short position of 18,000,000 Shares. Among the aggregate interests in the long position of Shares held, 60,000,000 Shares are held as derivatives. The short position of 18,000,000 Shares are entirely held as derivatives.

On 4 June 2008, the Offeror and Challenge Shore entered into the Finance Documents pursuant to which, in consideration of Challenge Shore providing facility of up to HK$180,000,000 to the Offeror as funding for the Offer, the Offeror granted the Warrants to Challenge Shore to purchase 18,000,000 Shares and a share charge in respect of 284,377,273 in favour of Challenge Shore.

2. As at the Latest Practicable Date, Challenge Shore was deemed to be interested in 284,377,273 Shares (comprising a security interest in respect of 284,377,273 Shares and an interest in respect of 18,000,000 Shares pursuant to the Warrants).

3. As at the Latest Practicable Date,

   (a) Challenge Shore is wholly owned and controlled by CCB International Asset Management Limited.

   (b) CCB International Asset Management Limited is wholly owned and controlled by CCB International Asset Management (Cayman) Limited.

   (c) CCB International Asset Management (Cayman) Limited is wholly owned and controlled by CCB International (Holdings) Limited.

   (d) CCB International (Holdings) Limited is wholly owned and controlled by CCB Financial Holdings Limited.

   (e) CCB Financial Holdings Limited is wholly owned and controlled by CCB International Group Holdings Limited.

   (f) CCB International Group Holdings Limited is wholly owned and controlled by China Construction Bank Corporation.

   (g) China Construction Bank Corporation is majority owned and controlled by China SAFE Investments Limited.

(S) denotes "short position"

Save as disclosed above, as at the Latest Practicable Date, so far is known to the Directors, there were no persons who had interests and/or a short position in the Shares or underlying Shares which is required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(c) Directors' service contracts

With effect from the Effective Date of Resignation, Mr. Tsang and Mr. Kong will each cease to be a Director. Each of Mr. Tsang and Mr. Kong entered into the Service Agreements with the Company on the Completion Date to appoint Mr. Tsang as the Chief Operation Officer of the Company and Mr. Kong as the President of the Company, respectively, for an initial fixed term of 24 months commencing from the Effective Date of Resignation provided that such initial fixed term shall end on or before 31 December 2010 ("Initial Term"). The appointment may continue after the Initial Term by mutual consent. Pursuant to the Service Agreements, the remuneration of each of Mr. Tsang and Mr. Kong is a fixed salary at the rate of HK$3,500,000 per annum and a management bonus for a sum equivalent to 15% of the Consolidated Net Profit for the period from the Effective Date of Resignation and up to the Guaranteed Date. The Company may also provide a discretionary bonus of up to 5% of the Consolidated Net Profit. The amount of the management bonus and discretionary bonus cannot be determined as at the Latest Practicable Date.

In addition to the remuneration as stated above, it is a term of the Service Agreements that both Mr. Tsang and Mr. Kong shall guarantee to the Company that the Consolidated NAV as at the Guaranteed Date shall not be less than the sum of HK$189,674,000 (the "Guaranteed Sum") (being the expected minimum net asset value of the BVI Holdco Group as at the Guaranteed Date as agreed between the parties to the Service Agreements). If the Consolidated NAV as at the Guaranteed Date shall be less than the Guaranteed Sum, each of Mr. Tsang and Mr. Kong shall be liable to pay 50% of such shortfall to the Company.

It is also a term of the Service Agreements that both Mr. Tsang and Mr. Kong shall warrant to and with the Company in respect of certain taxation, environmental and litigation matters in respect of the BVI Holdco Group. If there is any direct actual loss or damages suffered by the Company and/or any member of the BVI Holdco Group in respect of any breach of the warranties during his appointment, then the Company (for itself and/or for and on behalf of each of the members of the BVI Holdco Group) shall be entitled to claim from Mr. Tsang and Mr. Kong by written notice setting out in reasonably sufficient detail information regarding the claim together with evidence of such loss or damages given to them provided that such notice of claim is made within six months after the Guaranteed Date and provided that Mr. Tsang and Mr. Kong shall not be liable where BVI Holdco (or any member of the BVI Holdco Group) has recovered damages or obtained payment, reimbursement, restitution or indemnity for the same loss suffered under the Service Agreements or insurance policies, the liabilities of each of Mr. Tsang and Mr. Kong shall be calculated as follows:

(i) (1) 50% of $X, if the Consolidated NAV is less than or equal to the Guaranteed Sum; or

(2) 50% of \$Y, if the Consolidated NAV is more than the Guaranteed Sum, as derived from the following formula:

\$Y = \$X – (Consolidated NAV – Guaranteed Sum)

where:

\$X = amount of loss or damages suffered by the Company and/or any member of the Group arising from the breach of warranties

and

(ii) 50% of all reasonable costs and expenses properly incurred by any member of the Group in connection with or as a result of such claim.

where

"Guaranteed Date" means the earliest of:

(i) the last day of the Initial Term;

(ii) the date on which the appointment of Mr. Tsang or Mr. Kong is terminated due to whatsoever reason; or

(iii) the last working day of the Mr. Tsang or Mr. Kong;

"Consolidated NAV" means the audited consolidated net asset value of BVI Holdco as stated in the Special Accounts, adjusted as follows:

(i) the Consolidated NAV shall be downward adjusted with any revaluation surplus of intangible assets;

(ii) the Consolidated NAV shall be upward adjusted with any revaluation deficit of intangible assets;

(iii) the Consolidated NAV shall be downward adjusted with any expenses incurred, paid and payable by the Company associated with the issuance of announcements and circulars of the Company in connection with the Master Agreement in excess of an agreed amount;

(iv) the Consolidated NAV shall be upward adjusted with any expenses incurred, paid or payable by the Company and any incentives provided by the Company to directors, officers and employees of the BVI Holdco Group (including but not limited to the granting of share options under the share option scheme of the Company) which are accounted for in the 2008 Accounts, the 2009 Accounts and/or the Special Accounts;

(v) the Consolidated NAV shall be downward adjusted with the salaries and benefits received by Mr. Tsang and/or Mr. Kong under the Service Agreements which are not accounted for in the 2008 Accounts, the 2009 Accounts and/or the Special Accounts; and

(vi) the Consolidated NAV shall be upward adjusted with any asset distribution or dividend declared or paid by any member of the BVI Holdco Group to the Company (or its nominee);

"2008 Accounts" means the audited consolidated financial statements of the BVI Holdco for the financial ending year 31 December 2008 comprising the audited consolidated profit and loss account of the BVI Holdco for the financial year ending 31 December 2008 and the audited consolidated balance sheet of the BVI Holdco as at 31 December 2008 (and all accompanying notes and directors' and auditors' report);

"2009 Accounts" means the audited consolidated financial statements of the BVI Holdco for the financial ending year 31 December 2009 comprising the audited consolidated profit and loss account of the BVI Holdco for the financial year ending 31 December 2009 and the audited consolidated balance sheet of the BVI Holdco as at 31 December 2009 (and all accompanying notes and directors' and auditors' report); and

"Special Accounts" means the audited consolidated financial statements of BVI Holdco for the period ending on the Guaranteed Date which comprises the audited consolidated profit and loss account of BVI Holdco for the period ending on the Guaranteed Date and the audited consolidated balance sheet of BVI Holdco as at the Guaranteed Date.

Each of Mr. Tsang and Mr. Kong shall be entitled to a fixed salary of HK$3,500,000 per annum payable in arrears in 12 monthly instalments during the Initial Term. In addition, each of Mr. Tsang and Mr. Kong will be entitled to:

(i) a management bonus for a sum equivalent to 15% of the Consolidated Net Profit; and

(ii) a discretionary bonus of up to 5% of the Consolidated Net Profit to be determined by the board of directors of the Company for each completed year of service after the commencement date of the appointment;

where

"Consolidated Net Profit" means the sum equivalent to the aggregate amount of the audited consolidated net profit after taxation and minority interests of BVI Holdco for the period commencing on the commencement date of the appointment and ending on the Guaranteed Date (both dates inclusive) as stated in:

(i) the 2008 Accounts, as shall be pro-rated for the period commencing on the commencement date of the appointment and ending on 31 December 2008;

(ii) the 2009 Accounts; and

(iii) the Special Accounts,

adjusted as follows:

(1) the Consolidated Net Profit shall be downward adjusted with any unrealized profit of property interests or securities investments;

(2) the Consolidated Net Profit shall be upward adjusted with any unrealized loss of property interests or securities investments;

(3) the Consolidated Net Profit shall be upward adjusted with any expenses incurred, paid or payable by the Company and any incentives provided by the Company to directors, officers and employees of the Group (including but not limited to the granting of share options under the share option scheme of the Company) which are accounted for in the 2008 Accounts, the 2009 Accounts and/or the Special Accounts; and

(4) the Consolidated Net Profit shall be downward adjusted with the salaries and benefits received by Mr. Tsang and Mr. Kong under the Service Agreements which are not accounted for in the 2008 Accounts, the 2009 Accounts and/or the Special Accounts,

PROVIDED ALWAYS THAT

(I) in the event the Consolidated Net Profit figure stated in any one or more of the 2008 Accounts, the 2009 Accounts and the Special Accounts shall be a negative figure, or in other words, there is consolidated net loss suffered by BVI Holdco as shown in any one or more of the aforesaid accounts, such negative figure(s) or consolidated net loss(es) shall be set off against the Consolidated Net Profit for the purpose of determining the Consolidated Net Profit; and

(II) (aa) if the Guaranteed Date shall fall on a date before 31 December 2008, the Consolidated Net Profit shall be by reference to the Special Accounts for the period commencing on the Commencement Date and ending on the Guaranteed Date; and

(bb) if the Guaranteed Date shall fall on a date before 31 December 2009, the Consolidated Net Profit shall be by reference to the 2008 Accounts and the Special Accounts for the period commencing on 1 January 2009 and ending on the Guaranteed Date.

The Service Agreements constitute special deals under Rule 25 of the Takeovers Code and therefore require the consent of the Executive. An application was made to the Executive and the Executive had granted its consent pursuant to Rule 25 of the Takeovers Code for the Company to enter into the Service Agreements with Mr. Tsang and Mr. Kong, and such consent is conditional upon the Independent Financial Adviser stating that in their opinion the terms and conditions of the Service Agreements are fair and reasonable and are arms length transactions on normal commercial terms and the Service Agreements having been approved by the Independent Shareholders voting by way of a poll at the EGM. The Independent Shareholders had approved the Service Agreements at the EGM.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contracts) have been entered into or amended within six months before the commencement of the Offer Period; (ii) which are continuous contracts with a notice period of 12 months or more or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

(d) Arrangements affecting the Directors

(i) Save for Mr. Tsang and Mr. Kong's material personal interests in the Agreement and the Service Agreements, as at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any of the Directors had a material personal interest.

(ii) None of the existing Directors will be given any benefit as compensation for loss of office or otherwise in connection with the Offer, and there is no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(e) Other disclosure of interests

(i) None of the Directors or the Company was interested in or has borrowed or lent any shares, convertible securities, warrants, options and derivatives in respect of shares of the Offeror as at the Latest Practicable Date.

(ii) As at the Latest Practicable Date, no subsidiary of the Company or pension fund of the Group or adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of the Shares.

(iii) As at the Latest Practicable Date, no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company.

(iv) As at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between the Company or any of its associates (by virtue of classes (1), (2), (3) or (4) of the definition of associate under the Takeovers Code) and any other person.

(v) Pursuant to the Irrevocable Undertakings, the executive Directors had irrevocably and unconditionally undertaken to the Offeror that they would not accept the Offer in respect of their remaining beneficial Shares. None of the other Directors was interested in any Shares of the Company.

(vi) As at the Latest Practicable Date, save as disclosed in the paragraph headed "4. Disclosure of interests" in this Appendix III headed "General information", neither the Offeror, the members of the board of directors of the Offeror nor any persons acting in concert with any of them owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(vii) As at the Latest Practicable Date, save for the Irrevocable Undertakings given by the Vendors and the Ultimate Shareholders, there were no persons who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares who had, prior to the posting of this Composite Offer Document, had irrevocably committed themselves to accept or reject the Offer. There were no circumstances in which the Irrevocable Undertakings can be withdrawn by the Vendors and the Ultimate Shareholders.

(viii) As at the Latest Practicable Date, no persons who had any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

(ix) As at the Latest Practicable Date, no shareholding in the Company which the Offeror nor any of the persons acting in concert with it had borrowed or lent, save for any borrowed shares which have either on-lent or sold.

(x) As at the Latest Practicable Date, none of the Offeror, the board of directors of the Offeror, their respective associates or any of the persons acting in concert with any of them had any arrangement with any other person of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code.

5. DEALING IN SHARES

(a) During the Relevant Period,

(i) save as disclosed below, neither the Offeror, the members of the board of directors of the Offeror, CCBIC nor any of the persons acting in concert with any of them had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares:

Name of party	Date	Transaction	Number of Shares	Price per Share (HK$)
The Offeror	4 June 2008	Share Purchase, Share Subscription and CN Subscription pursuant to the Agreement	344,377,273	1.77
The Offeror and Challenge Shore	4 June 2008	The grant of Warrants by the Offeror to Challenge Shore to purchase certain Shares in conjunction with the Note Subscription Agreement	18,000,000	N/A
The Offeror and Challenge Shore	4 June 2008	A grant of share charge by the Offeror in favour of Challenge Shore in respect of certain Shares as security for the Note Subscription Agreement and the Warrants	284,377,273	N/A

(ii) Save for (1) the disposal of 43,572,175 Shares on 4 June 2008 at HK$1.77 per Share by Standard Beyond Limited, a company wholly-owned by Mr. Tsang, to the Offeror pursuant to the Agreement; and (2) the disposal of 26,388,412 Shares on 4 June 2008 at HK$1.77 per Share by Absolute Above Limited, a company wholly-owned by Mr. Kong, to the Offeror pursuant to the Agreement, none of the Directors had dealt for value in any shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Company; and

(iii) neither the Company nor any of the Directors had dealt for value in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

(b) During the Offer Period and ending on the Latest Practicable Date,

(i) no subsidiary of the Company, pension fund of the Group or advisers to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code had dealt for value in any shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Company;

(ii) no fund manager connected with the Company who managed funds on a discretionary basis had dealt for value in any shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Company; and

(iii) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code had dealt for value in any shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Company.

6. LITIGATION

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, received a paper of civil judgment ((2007) Jia Min Yi (Min) Chu Zhi No. 744) issued by the People's Court of Shanghai Municipality Jiading District ("**Shanghai Court**") dated 17 October 2008 against United Shanghai for the sum of RMB5,370,777 together with interests in respect of the construction work of the Group's factory in Shanghai which has been stalled for no reason by the subcontractor, Shanghai Baosteel Engineering & Construction Corp.* (上海寶鋼工程建設總公司) ("**Baosteel**"), as previously disclosed in the annual report of the Company for the financial year ended 31 December 2007.

The Shanghai Court, as court of first instance, made the following judgement on 17 October 2008 ("**said Judgement**"):

(1) the factory construction sub-contract entered into by Baosteel and United Shanghai on 17 January 2006 together with its supplement ("**Contract**") was terminated on 13 June 2008;

(2) United Shanghai shall pay to Baosteel the construction costs for the sum of RMB3,870,777 within 10 days after the judgement becoming legally effective;

(3) United Shanghai shall pay to Baosteel the penalty for breaching the Contract for the sum of RMB1,500,000 within 10 days after the judgement becoming legally effective;

* *For identification purpose only*

(4) the counterclaims by United Shanghai against Baosteel for the sum of RMB2,100,000 being penalty for breaching the Contract and for an order to terminate the supplemental agreement to the Contract were dismissed;

(5) other claims by Baosteel against United Shanghai were dismissed; and

(6) Baosteel shall be liable to pay RMB23,603.27 and United Shanghai shall be liable to pay RMB49,395.44, being the relevant courts fees for this matter. The amount payable by United Shanghai shall be settled within 7 days after the judgement becoming legally effective.

Any delay in settlement of the judgement amounts shall be subject to interests in late payment.

United Shanghai has appealed to the Second Intermediate People's Court of Shanghai against the said Judgement on 30 October 2008. The appeal was sought 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 construction 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 Baosteel 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.

On 6 November 2008, United Shanghai received a copy of Baosteel's appeal to the Second Intermediate People's Court of Shanghai against the said Judgement dated 30 October 2008. 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.

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

As at the Latest Practicable Date, save as stated above, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation or arbitration or claim which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company or its subsidiaries in the two years before the commencement of the Offer Period:

(a) the Agreement; and

(b) the Service Agreements.

8. INDEBTEDNESS

(a) Indebtedness

As at 31 August 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Offer Document, the Group had unsecured bank loans of approximately HK$16,000,000.

Pursuant to the Agreement, the Company had agreed to issue the Convertible Notes with principal amount of HK$106,200,000. Details of the terms of the Convertible Notes are set out in the Announcement under paragraph "V. CN Subscription" in Section 1.

(b) Contingent liabilities

As at 31 August 2008, the Company had given guarantees to banks in respect of general facilities granted to its subsidiaries. The extent of such facilities utilised by the subsidiaries as at 31 August 2008, amounted to approximately HK$16,000,000.

Save as aforesaid and apart from intra-group liabilities and normal accounts payables in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities as at the close of business on 31 August 2008.

9. MATERIAL CHANGE

As at the Latest Practicable Date, save as (i) the information contained in the Announcement; (ii) the information contained in the circular dated 15 July 2008; (iii) the information disclosed under the section headed "Management discussion and analysis" in the interim report of the Company for the six months ended 30 June 2008; (iv) the announcement dated 31 October 2008; and (v) the announcement dated 6 November 2008;

the Directors are not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2007, being the date to which the latest audited financial statements of the Company were made up, up to the Latest Practicable Date.

10. EXPERT STATEMENTS

The following is the qualification of the experts who have given opinions or advices which are contained in this Composite Offer Document:

Name	Qualification
CCBIC	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Partners Capital	A corporation licensed to carry on business in Types 1 and 6 regulated activities (dealing in securities and advising on corporate finance) under the SFO

Each of CCBIC and Partners Capital has given and has not withdrawn its written consent to the issue of this Composite Offer Document with the inclusion of its letter and references to its name in the form and context in which it appears.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from the date of this Composite Offer Document until the Closing Date (a) at the Company's head office in Hong Kong at Unit 2101, 21st Floor, Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong during normal business hours (except Saturdays, Sundays and public holidays), (b) on the website of the Company at www.unitedmetals.com.hk and (c) on the website of the SFC at www.sfc.hk:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two financial years ended 31 December 2006 and 31 December 2007, respectively, and the interim report of the Company for the six months ended 30 June 2008;

(c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 27 to 28 of this Composite Offer Document;

(d) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 29 to 45 of this Composite Offer Document;

(e) the material contracts referred to in paragraph headed "Material contracts" in this Appendix;

(f) the written consents referred to in paragraph headed "Expert statements" in this Appendix;

(g) the Irrevocable Undertakings;

(h) the Finance Documents; and

(i) the Placing Agreement.

12. MISCELLANEOUS

(a) The registered office of the Company is at P.O. Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Service Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary and qualified accountant of the Company is Mr. Li Philip Sau Yan. Mr. Li, aged 49, is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Li had over 26 years of experience in auditing, accounting and financial management. Mr. Li joined the Company on 5 November 2008.

(d) None of the Directors will be given any benefit (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offer.

(e) The principal members of the Offeror's concert group are (i) the Offeror and (ii) CCBIC, the financial adviser to the Offeror.

(f) The registered address of the Offeror is at Suite 2208, 22/F, Jardine House, 1 Connaught Road Central, Hong Kong.

(g) The registered address of CCBIC is at Suite 3408, 34th Floor, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

(h) Except pursuant to the Warrants, the share charge forming part of the Finance Documents and the Placing Agreement, the Offeror has no intention to transfer, charge or pledge the Shares acquired in the Offer to any other persons.

(i) Save for the Agreement, the Finance Documents and the Service Agreements, there is no agreement, arrangement or undertaking (including any compensation arrangement) between the Offeror or any of the persons acting in concert with it, on the one hand, and any Directors, recent Directors, Shareholders or recent Shareholders, on the other hand, having any connection with or dependence upon the Offer.

(j) The English text of this Composite Offer Document shall prevail over the Chinese language text.