



To our shareholders,

I am pleased to present the annual report of United Metals Holdings Limited ("United Metals" or the "Group") for the year ended 31 December, 2003.

Driven by effects of the SARS epidemic, prolonged global economic recession and volatile raw material prices, 2003 was a year filled with challenges, which to a certain degree affected the performance of the majority of manufacturers worldwide. As one of the few world class die-casters in The People's Republic of China ("the PRC") market, United Metals leveraged on its depth in expertise, prudent management philosophies and dedication for excellence in 2003 to sustain its market leadership and to deliver satisfactory results, with turnover growing by 12.2% to reach approximately HK\$150.5 million.

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2003 marked a year of progress for United Metals. To embrace the blossoming demand for die-casting products led by a gradual recovery of global market sentiment and a surge in demand for automotives, information technology, telecommunications and electronic devices, the Group managed to accomplish a number of significant business progresses during the year.



United Metals to solidify its position as A World Class Company

In 2003, the United Metals enhanced its production capacity with the completion of its third die-casting workshop in Dongguan. In view of growing needs for one-stop die-casting services, the Group has also strengthened its vertically integrated service capability by introducing value-adding technologies with its services, including surface finishing, precision machining as well as paint spraying. In addition, the Group extended its product range and commenced the manufacturing of magnesium parts since 2002 with an aim to capture the booming market demand for light-weight products, as well as to position itself to attract new customers and contracts in the coming years.

Looking forward into 2004, market potentials for die-casting, especially in the PRC market will continue to be enormous. In view of the booming PRC economy and its cost effectiveness, foreign automotive manufacturers will continue to invest and operate in the PRC, the world's new manufacturing hub. With a view to capture market potentials, the Group has entered into an agreement to set up new production facilities in Shanghai for the provision of automotive parts die-casting services. These new facilities are expected to boost the Group's production capacity in folds upon establishment in mid 2005, thereby offering more complete services to its customers. This will be a big step for United Metals to solidify its position as a world-class company both in terms of scale and quality. Moreover, the Group has just officially obtained the right to sell directly to the PRC market, this will serve as a breakthrough for the Group in facilitating its strategic entrance into the PRC.

Since its successful listing in the Hong Kong Stock Exchange in 2003, United Metals has further solidified its financial platform to fortify its business growth. Adhering to its prudent and progressive management strategies, United Metals is always in its best preparation for the bright future. We equip ourselves not only to sustain our growth momentum, but also to offer variety of services for one-stop shop concept. What we seek to tap is the infinite growth potentials of the global die-casting market, especially with the booming die-casting demand in the PRC market.

We take this opportunity to thank our customers, suppliers and shareholders, and all those who have contributed to the accomplishments of United Metals in the past year. With your non-faltering support and confidence, the Group will continue to move forward and grow.

Thomas Lau, Luen-hung

Chairman

Hong Kong, 8 April, 2004