

**UNITED METALS HOLDINGS LTD :
FABRICATING PROFITS**

It would appear that Mr Thomas Lau Luen Hung, the Chairman of publicly listed Chinese Estates Holdings Ltd (Code: 179, Main Board, The Stock Exchange of Hongkong Ltd) has backed a winner in the December 2002 listing of United Metals Holdings Ltd, now known as Stock Code Number 2302 of the Main Board.

Which would appear to suggest that, sometimes, backing the right horse is just as good as backing the jockey, riding that horse. Or should that be the other way round?

Regardless, it would appear, from TARGET's reading of the December 19, 2002 Placing and Public Offer Prospectus of United Metals that this Company has come good.

United Metals is in the business of selling aluminium zinc die casting parts and processed screw machined brass parts, principally.

The lion's share of the Company's products are aimed at the production and sales to the motor vehicle markets of the US and the People's Republic of China (PRC), proper, as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC.

The Company was founded in March 1992 by Mr Tsang Chiu Wai, a 52-year-old graduate of a Master of Business Administration from the University of Windsor, Canada.

He is the President and Chief Executive of United Metals.

About 2 years after Mr Tsang founded the Company, via his, then, sole proprietorship, Henrie Manufactory, Messrs Thomas Lau Luen Hung and Trevor Kong Cheuk Luen entered the scene.

Today, these 3 gentlemen own, in aggregate, 64.18 percent of the Issued and Fully Paid-Up Share Capital of the Company, via 3 private companies, which are:

Absolute Above Ltd*	12.73 percent
Shine Top Ltd**	25.89 percent
Standard Beyond Ltd***	25.56 percent

* Beneficially owned by Mr Trevor Kong

** Beneficially owned by Mr Thomas Lau

*** Beneficially owned by Mr Tsang

Messrs Lau, Tsang and Kong constitute the entire Board of Directors of the Company.

The Flotation

United Metals Placed 49.50 million, one-cent Shares at a Premium of 92 cents per Share and Offered another tranche of 5.50 million, one-cent Shares, also at a Premium of 92 cents per Share.

The money, raised in this float, amounting to about \$HK42.10 million, net of expenses, is to be used for the following purposes, the Prospectus states at Page 83:

1. \$HK32.20 million to buy some machinery in order to increase die casting capacity;
2. \$HK4.75 million to enhance die tooling capacity;
3. \$HK2.20 million for the purchases of inspection equipment;
4. \$HK1.60 million to beef up sales and marketing activities; and,
5. \$HK1.35 million to be tipped into the General Working Capital Account.

According to the Accountants' Report, found at Page 110 of the Prospectus, United Metals was flush with cash as at May 31, 2002, however, subsequent to that date, a dividend was declared and paid to the then shareholders, costing the Company nearly \$HK15 million, thereby cutting a swath through the \$HK22.06 million in the kitty. For the 41 months ... [CLICK TO ORDER FULL ARTICLE](#)

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