

CHAIRMAN'S STATEMENT

The performance of Oriental Metals (Holdings) Company Limited ("the Company" and its subsidiaries "the Group") improved during the financial year 2000. This improvement was a consequence of the consolidation of the Group, which further enhanced its operational efficiency, while the Group also benefited from the more favourable external business environment.

During the period under review, the global nonferrous metals markets were marked by a favourable economic environment, characterised by growth in demand and higher prices for aluminium and copper. The demand for nonferrous metals in the People's Republic of China ("PRC"), the Group's primary market, was particularly strong. It recorded increases in the usage of aluminium and copper of 13% and 14% respectively compared with the levels in 1999. Turnover for the Group's trading of nonferrous metals increased as a result of higher sales volume and the overall increases in aluminium and copper prices. The overall improvement in the Group's performance compared to 1999 was attributable to higher alumina and aluminium foil revenues and gross profits, as well as an overall improvement in operations, although this was partially offset by the losses incurred in aluminium can and copper smelting operations. However, the Group has made provisions of HK\$206 million during the period, resulting in a total loss of HK\$165 million in 2000. Nevertheless the size of the loss has been reduced when compared to the previous year's.

The Group's core business remains the trading of nonferrous metals, ores and semi-finished products, and related direct industrial investments. The Group's nonferrous metals trading operation and related investments will seek growth both internally and through selected acquisitions. Nonferrous metals trading has continued to generate steady cash flow, providing the Group with a good foundation on which to develop other related businesses.

In the year 2001, the Group aims to obtain a greater share of the import market for nonferrous metals in the PRC by enlarging its trading volume and diversifying the range of products traded, thereby solidifying this core business. Furthermore, the Group is continuing to strengthen its direct industrial investment portfolio, concentrating resources on those operations which merit increased investment by virtue of their market leadership or growth prospects. Performance for the Group's industrial investments in the year 2001 is expected to be further improved following steps taken by the Group to enhance their operational efficiency. If, as some analysts predict, the US economy experiences a slowdown in 2001, that could cause a negative impact on demand and therefore on the prices of nonferrous metals. This would put pressure on the profit margin of the Group's trading operations. However, the Group will continue to capture trading opportunities arising from the continued growth of China's economy.

In the long term, the Group aims to become a more customer-oriented organisation, seeking to provide customers with comprehensive solutions in the areas of nonferrous metals, incorporating technology, finance and global networking. The Group believes that the rapid evolution of information technology will not only boost demand for nonferrous metals, but will also create new applications for the nonferrous metals industry, bringing it a bright future. Furthermore, China's imminent accession to the World Trade Organisation will stimulate infrastructure developments in the PRC, such as in construction, energy, transportation and telecommunications, and thereby escalate the demand for nonferrous metals. In view of this, the Group will be well positioned to capture these huge business opportunities arising in the new century.

On behalf of the Board of Directors, I extend my sincere thanks for the dedication and hard work of all our management and staff. We hope to create a brighter tomorrow for the Group with the support of our shareholders, clients and suppliers.

By order of the Board

Gao De Zhu
Chairman

29th June, 2001