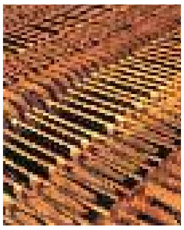
RESULTS

The Group's turnover for the year ended 31st December, 2000 was HK$1,443 million, representing a 29% increase compared with the previous year. Gross profit for 2000 was HK$234 million, up 74% compared with the corresponding period in 1999 (1999: HK$134 million). However, due to the inclusion of provisions of HK$206 million, the loss for the year was HK$165 million (1999: HK$194 million).

BUSINESS REVIEW

Trade Business

In the year 2000, the global economic environment continued to improve and aluminium and copper prices moved upwards. In addition, there was a growth in the consumption of nonferrous metals in the Group's primary market, the PRC. All these trends created a favourable environment for business.



Turnover from the trade business rose by 45% compared with the previous year, owing to the increase in sales volume as well as the higher prices of alumina, aluminium and copper. Global supply of alumina in 2000 was very tight, fuelling the rise in alumina prices. The Group's stable supply arrangement for alumina has kept costs at a highly competitive level, resulting in a satisfactory increase in profit contribution from the alumina trading business. Copper concentrates trading also recorded an improved margin.

Overall, profit contribution from the trade operations recorded a significant increase of 150%.

Direct Industrial Investments

Aluminium refinery

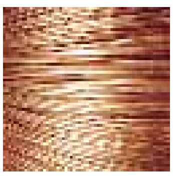
North China Aluminium Company Limited, 51% owned by the Group, is one of the largest aluminium foil refineries in the PRC. Its products are supplied to the packaging, transportation and home appliances sectors. In the year 2000, its production capacity of aluminium foils and other aluminium processed products reached 38,600 tons. Furthermore its turnover rose by 37% in 2000 as a result of higher aluminium prices and an increase in sales volume. Profit from operating business was also up 10%, primarily owing to the increase in sales volume.

The Group operated its aluminium can production and sales business through Zhangzhou International Aluminium Container Company Limited ("Zhangzhou Aluminium"), its 60% owned subsidiary, and Qingdao M. C. Packaging Limited ("Qingdao MC"), its 20% owned associated company. Zhangzhou Aluminium's turnover for the year 2000 decreased by 43%, owing to a decline in both sales volume and selling prices. In the year 2000, supply outstripped demand for aluminium cans in the PRC, which dragged down prices and therefore exerted strong pressure on profit margins. The Group took appropriate action to cut costs and to adjust its sales strategy in a bid to enhance the efficiency of the business.

Copper Refinery

The Group's primary investment in copper refining is the associated company, Changzhou Jinyuan Copper Company Limited ("Changzhou Jinyuan"), of which 25% is directly owned by the Group, the other 30% is owned by Japanese partners, namely Nippon Mining & Metals Co. Ltd, Mitsui & Co. Ltd and Tatsuta Wire & Cable Co. Ltd. The remaining equity share is owned by the PRC partner.

In the year 2000, Changzhou Jinyuan achieved an output level of 121,600 tons of copper wire rod, exceeding its designed production capacity by 21%. Changzhou Jinyuan's high quality copper wire rod is the core material in the production of electric wires and cables, and its market share in the copper wire rod market in the PRC has reached 30%. During the period under review, profit contribution to the Group from Changzhou Jinyuan surged by 290% over that of the previous year. This excellent performance was a result of the significant rise of 77% in sales volume, the sound operating controls of the Group, and the synergy enjoyed between OrienMet and its Japanese and PRC partners in the areas of management expertise, production technology and their trading network.



Copper Smelters

The Group's primary investments in this field are two copper smelters, namely Yantai Penghui Copper Industry Company Limited ("Yantai Penghui") and Huludao OrienMet Copper Company Limited ("Huludao OrienMet"), of which the Group owns 42% and 30% respectively. In the year 2000, production capacities for Yantai Penghui and Huludao OrienMet were 28,000 tons and 50,000 tons of copper cathodes respectively. During the year, both the sales volume and profit margin of Yantai Penghui recorded increases. However, Huludao OrienMet sustained losses because of high production costs and excessive fixed costs. The Group is now taking steps to enhance the management of Huludao OrienMet in order to enforce stricter control of both these cost categories.

Administrative Expenses

The Group has worked hard to cut the costs and to streamline the operating structure of its headquarters during the past three years, reducing its administrative expenses to a stable level in 2000. During the period, total administrative expenses increased 23% over 1999 owing to the higher staff costs of the aluminium refinery.

Other Provisions

The loss for the year includes provisions totalling approximately HK$206 million. This amount mainly covers bad debt provision and provision for impairment in value of fixed assets and securities.

Interest Expenses

Interest expenses decreased by 11% as a result of the lower interest rate on loans denominated in United States dollars and Renminbi during the period, and also the lower debt level of the Group, although this was partially offset by the rise in loans used for funding operating activities.

Financial Resources and Cash Flow

In the year 2000, the Group's net cashflow from operating activities amounted to HK$173 million (1999: HK$89 million). After deducting the returns on investments, servicing of finance, tax and other payments, the cash surplus before financing amounted to HK$75 million (1999: cash deficit of HK$2 million). This cashflow surplus was primarily used for financing the repayment of bank loans and other activities of HK$60 million (1999: HK$9 million). As at 31st December 2000, the Group had cash in hand and cash deposits totalling HK$62 million (all unsecured deposits) of which 47% and 46% were denominated in United State dollars and Renminbi respectively, and the remaining was in Hong Kong dollars.

As at 31st December, 2000, the Group's total outstanding bank loans amounted to HK$767 million (472 million at floating interest rate and the remaining at fixed interest rate), of which HK$132 million was repayable after more than one year. Of the total bank loans, 50% were denominated in United States Dollars and the remainder in Renminbi. Of the total loans, bank loans amounting to HK$311 million were secured by the Group's fixed assets with a net book value of HK$266 million as at 31st December, 2000. As at the same date, the bank debt to equity ratio, which is measured as total bank loans (net of cash balances) as a proportion of shareholders' equity, stood at 139%, compared with 114% on 31st December, 1999.

As at 31st December, 2000, bank loans of HK$444 million in total remained overdue, and the directors continued to reschedule the loan repayment dates. The Board of directors believe the Group can obtain capital from various channels (including the proposal regarding certain receivables (disclosed in Note 3 to the financial statements)) to resolve the problem of overdue bank loans, as well as to cater for the Group's needs for capital commitments and working capital in the future.

Contingent liabilities

In the year 2000, the Group continued to enter into futures contracts for nonferrous metals to reduce its exposure to risks arising from fluctuation in nonferrous metals prices. As at 31st December, 2000, outstanding futures contracts amounted to HK$36 million.

EMPLOYEES

As at 31st December, 2000, the Group employed 2,420 staff. The amount of remuneration paid during the year was approximately HK$53 million. The Company adopted a pay policy in line with market practice, and remuneration was determined with reference to the performance and experience of individual employees.

The shareholders of the Company approved a share option scheme for executives ("the Scheme") on 25th November, 1994. The Scheme was tailor-made for the executives and senior staff of the Group. Under the Scheme, the directors of the Company have the authority at their discretion to invite executives and senior staff of the Group to take up options to subscribe for shares in the Company according to the terms and conditions of the Scheme.

The Scheme is intended to encourage executives and staff of the Group to contribute to maintaining and where possible improving the share price of the Company in the long run. At the same time, the Scheme serves as a token of recognition of those staff with excellent performance and helps the Group to retain experienced and capable employees.

Meanwhile, the Group is well aware of the importance of quality management and specialist expertise as key factors in achieving corporate success. While strengthening its operational management, the Group also encourages self-advancement and attaches great importance to the provision of various forms of professional training to employees at different levels. Through appropriate training, employees' skills can be enhanced and their personal potential can be developed. Provision of training also helps increase their job satisfaction and loyalty to the Company.

By order of the Board

Lau Yat Ching
Director and Executive Vice President

29th June, 2001