

The performance of Oriental Metals Holdings Company Limited ("the Company") and its subsidiaries ("the Group") in 2001 were not going well as predicted and losses were extended.

In 2001, the global economic growth slackened and in particular the US only recorded 1.1% growth after the "911" attack. Under these circumstances, the nonferrous metals market was extremely quiet and the consumption rate was low. The oversupply drove the price of copper and aluminium products down continuously. The market price of alumina, the major trading product of the Company, continued the downward trend since last year, leading to a loss in the Group's trading business.

The Company's ultimate controlling shareholder, the China National Nonferrous Metals Industry Corporation and the State Nonferrous Metals Industry Administration, were dissolved in April 1998 and February 2001 respectively, and the Company's controlling shareholder, China Nonferrous Metals Group (Hong Kong) Limited, received an winding up order from the Court of Hong Kong on 8th May, 2002. Due to the difficulty in collecting the Company's receivable in the People's Republic of China ("PRC"), the low returns from the industrial investment projects and the substantial overdue bank loans, the Company's business operations faced great difficulties.

Facing the adverse environment, the Group has strengthened its internal management in order to reduce operating cost and improve efficiency. On the other hand, the Group has considered debts restructuring work so as to seek ways for improving its operating performance.

Chinese economy has continued to grow rapidly in recent years and has become the world's second largest nonferrous metals country. According to forecasts, China will continue its rapid growth in the next few years. Nonferrous metals are essential kinds of industrial raw material. The market of which, being driven by the economic growth, will undergo further development. The Group will grasp the business opportunity to improve its business results, capitalising on its own experience and competitive edge.

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 Dezhu

Chairman

19th June, 2002