

The Directors have pleasure in presenting to the shareholders their report together with the audited financial statements of WellNet Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2001.

FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2001 are set out in the consolidated income statement on page 50.

The respective state of affairs of the Group and the Company as at 31 December 2001 are set out in the balance sheets on pages 52 and 53.

The Group's cash flows are set out in the consolidated cash flow statement on pages 54 and 55.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding.

The principal activities of the Group are metal trading, manufacturing of metal products, operation of metal exchange portals and property development and investment.

Analysis of the Group's turnover and profit from operations for the year are set out in note 37 to the financial statements on page 112.

DIVIDENDS

A special dividend in specie of 46,668,926 shares of HK\$0.01 each (the "WorldMetal Shares") in WorldMetal Holdings Limited ("WorldMetal") to those eligible shareholders of the Company on the basis of one WorldMetal Share for 20 shares of the Company held on 10 September 2001 was paid on 24 October 2001, which amounted to a total sum of HK\$11,201,000 (2000: Nil).

The Directors recommend the payment of a final dividend of 2 HK cents (2000: Nil) per share for the year ended 31 December 2001, payable on 24 July 2002 to shareholders whose names appear on the Register of Members of the Company at the close of business on 6 June 2002. This recommendation has been incorporated in the financial statements.

董事局欣然向各股東提呈 WellNet Holdings Limited (創新發展集團有限公司) (「本公司」) 及其附屬公司 (合稱「本集團」) 截至二零零一年十二月三十一日止年度之董事局報告及經審核財務報表。

財務業績

本集團截至二零零一年十二月三十一日止年度之業績載列於第50頁之綜合損益表內。

本集團及本公司於二零零一年十二月三十一日之財務狀況已分別載列於第52頁及第53頁之資產負債表內。

本集團之現金流動情況載列於第54頁及第55頁之綜合現金流動表內。

主要業務及營運分類分析

本公司之主要業務為投資控股公司。

本集團之主要業務為金屬貿易、金屬加工製造、金屬電子交易所營運和房地產開發及投資。

本集團於年度內之營業額及經營溢利之分析載列於第112頁之財務報表附註37。

股息

以實物方式派送46,668,926股每股面值港幣0.01元 WorldMetal Holdings Limited (「WorldMetal」) 股份 (「WorldMetal股份」)，按每持有20股本公司股份獲派送1股 WorldMetal股份之基準，派送予於二零零一年九月十日持有本公司股份之合資格股東之特別股息，已於二零零一年十月二十四日派送，股息總額為港幣11,201,000元 (二零零零年：無)。

董事局建議派發截至二零零一年十二月三十一日止年度之末期股息每股港幣2仙 (二零零零年：無)，預期末期股息將於二零零二年七月二十四日派付予於二零零二年六月六日營業日終結時名列本公司股東名冊之股東。此項建議已錄載於財務報表內。

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases attributable to the Group's major suppliers are as follows:

- the largest supplier	— 最大供應商	16
- five largest suppliers combined	— 五大供應商合併購貨額	45

None of the Directors, their respective associates nor shareholders (which to the knowledge of the Directors owned more than 5% of the Company's share capital) had any interest in the above suppliers at any time during the year.

The aggregate percentages of sales attributable to the Group's five largest customers is less than 30% of the total amount involved.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The movements in property, plant and equipment and investment properties during the year are set out in notes 13 and 14 respectively to the financial statements on pages 86 to 88.

The particulars of properties held by the Group for sale and for investment as at 31 December 2001 are set out on pages 122 and 123.

SUBSIDIARIES AND ASSOCIATE

The particulars of the Company's principal subsidiaries and the associate as at 31 December 2001 are set out in notes 15 and 16 respectively to the financial statements on pages 89 to 93.

BANK LOANS

The particulars of the Group's bank loans are set out in notes 25 and 27 respectively to the financial statements on pages 100 and 101.

主要供應商及客戶

本集團之主要供應商所佔購貨額之百分比如下：

%
百分比

各董事、其各自聯繫人或據董事局所知擁有本公司股本中5%以上權益之股東，於本年度內任何時間概無擁有上述供應商之任何權益。

本集團五大客戶所佔營業額之百分比合計不足30%。

物業、廠房及設備及投資物業

本年度內物業、廠房及設備及投資物業之變動情況載列於第86頁至第88頁之財務報表附註13及14。

本集團於二零零一年十二月三十一日持有之待售及投資物業資料載列於第122頁及第123頁。

附屬公司及聯營公司

本公司於二零零一年十二月三十一日之主要附屬公司和聯營公司資料分別載列於第89頁至第93頁之財務報表附註15及16。

銀行貸款

本集團之銀行貸款之資料分別載於第100頁及第101頁之財務報表附註25及27。

BANK LOANS (continued)

Most of the Group's bank loans were denominated in HK\$ and US\$ except for certain bank loans of approximately HK\$69,000,000 (2000: HK\$18,000,000) which were denominated in Renmenbi and were made to finance the Group's operations in China. All the bank loans bear interest at prevailing market rates.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 32 to the financial statements on pages 105 and 106.

INTEREST CAPITALISED

During the year, interest of approximately HK\$2,270,000 was capitalised into properties held for sale and investment properties.

RESERVES

Details of movements in reserves during the year are set out in note 34 to the financial statements on pages 108 and 109.

DISTRIBUTABLE RESERVES

As at 31 December 2001, the Company's reserves available for distribution to shareholders calculated in accordance with the Companies Act 1981 of Bermuda amounted to HK\$218,228,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no statutory restriction against the granting of such rights under the laws of Bermuda.

銀行貸款 (續)

除部份借予集團於中國營運單位之銀行貸款約港幣69,000,000元(二零零零年:港幣18,000,000元)乃以人民幣為貨幣單位外,本集團大部份銀行貸款均為港元及美元貸款。所有銀行貸款均按目前市場息率支付利息。

股本

本公司股本於本年度之變動情況詳列於第105頁及第106頁之財務報表附註32。

撥充資本之利息

本年度,約港幣2,270,000元之利息撥充作為待售物業及投資物業成本。

儲備

本年度內儲備之變動情況詳列於第108頁及第109頁之財務報表附註34。

可分派儲備

於二零零一年十二月三十一日,按照百慕達一九八一年公司法所計算,本公司可分派予股東之儲備為港幣218,228,000元。

股份優先購買權

雖然百慕達法律對授出股份優先購買權並無法定限制,但本公司之章程細則亦無就授出該等權利作出規定。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2001, the Company repurchased a total of 21,332,000 shares in the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the general mandate granted by the shareholders at the annual general meeting held on 19 April 2000, details of which were as follows:-

Month/Year 月／年	Number of shares repurchased 購回股份數目	Price per share 每股價格		Total consideration (before expenses) 代價總額 (未計開支) HK\$ 港元
		Lowest 最低 HK\$ 港元	Highest 最高 HK\$ 港元	
04/2001	21,332,000	0.155	0.40	4,784,767.60

All shares repurchased were cancelled and accordingly the Company's issued share capital was reduced by the nominal value of these shares. The repurchases were effected for the benefit of the shareholders as a whole by enhancing the net assets and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2001.

ISSUE OF SHARES

- (1) During the year ended 31 December 2001, the Company issued a total of 10,848,843 new ordinary shares of HK\$0.10 each upon the exercise of share options by the optionholders.
- (2) During the year ended 31 December 2001, the Company issued a total of 7,475,929 new ordinary shares of HK\$0.10 each upon the conversion of bonds into shares by the bondholders.

購買、出售或贖回上市證券

於截至二零零一年十二月三十一日止年度內，本公司根據於二零零零年四月十九日舉行之股東週年大會上獲股東授予董事購回股份之一般授權，於香港聯合交易所有限公司（「聯交所」）購回本公司股份合共 21,332,000 股，詳情如下：

上述購回之股份已全部註銷，另本公司之已發行股本亦已扣除此等股份之面值。購回股份是為提高每股資產淨值及每股盈利，有利於股東整體利益而進行。

除上文所披露者外，於截至二零零一年十二月三十一日止年度內，本公司或其他任何附屬公司概無購買、贖回或出售本公司任何上市證券。

發行股份

- (1) 於截至二零零一年十二月三十一日止年度內，本公司就購股權持有人行使購股權發行每股面值港幣 0.10 元之新普通股共 10,848,843 股。
- (2) 於截至二零零一年十二月三十一日止年度內，本公司就債券持有人兌換債券發行每股面值港幣 0.10 元之新普通股共 7,475,929 股。

ISSUE OF SHARES (continued)

- (3) Pursuant to the deed for the sale and purchase of shares in Best Praise Holdings Limited ("Best Praise") dated 21 May 2001, the Company issued and allotted 30,000,000 new ordinary shares of HK\$0.10 each to the vendor credited as fully paid at HK\$0.90 per share on 31 May 2001 as consideration in the amount of HK\$27,000,000 for the acquisition of 6,750,000 shares in Best Praise, representing 15% of the total issued share capital of Best Praise.

SHARE OPTION SCHEMES

(A) The Company

The Company has adopted a share option scheme (the "Scheme") on 23 July 1999, which became effective on 2 August 1999, under which the Directors, at their discretion, are authorised to grant options to subscribe for new ordinary shares of the Company to employees, including executive directors, of the Company or its subsidiaries subject to the terms and conditions stipulated therein.

Details of the Scheme are as follows:

(i) Purpose of the Scheme

The purpose of the Scheme is to give executive directors and employees of the Company or any of its subsidiaries an opportunity to acquire an equity interest in the Company and to assist in the recruitment and retention of employees with experience and ability.

(ii) Participants

Any employee, including any executive director, of the Company or any of its subsidiaries.

發行股份 (續)

- (3) 根據日期為二零零一年五月二十一日有關買賣Best Praise Holdings Limited (「Best Praise」) 股份之契據，本公司於二零零一年五月三十一日發行30,000,000股每股面值港幣0.10元之新普通股予有關賣方，該等股份以每股港幣0.90元列作繳足股款入帳，以總代價港幣27,000,000元收購6,750,000 Best Praise股份，佔其全部已發行股本15%。

購股權計劃

(a) 本公司

本公司於一九九九年七月二十三日採納了購股權計劃(「購股權計劃」)，並已於一九九九年八月二日起生效。據此，本公司董事可酌情依照該計劃之條款及條件授出購股權予本公司及其附屬公司之僱員(包括執行董事)認購本公司新普通股股份。

購股權計劃詳情如下：

(i) 購股權計劃之目的

購股權計劃旨在向本公司或其任何附屬公司之執行董事及僱員提供購入本公司股本權益之機會，並有助招聘吸納及保留有經驗及有所表現之僱員。

(ii) 參與者

本公司或其任何附屬公司之任何僱員(包括任何執行董事)。

SHARE OPTION SCHEMES (continued)

(A) The Company (continued)

(iii) Maximum number of shares

The maximum number of shares in respect of which options may be granted (together with options exercised and options then outstanding) under the Scheme may not when aggregated with the number of shares subject to other share schemes of the Company (excluding shares issued and to be issued upon exercise of options granted under the share option scheme of the Company adopted on 11 September 1989) and any shares which might have been issued under cancelled options exceed such number of shares as shall represent 10 per cent. of the nominal amount of the issued share capital of the Company from time to time, excluding for this purpose shares issued on exercise of options granted under the Scheme. The total number of shares available for issue under the Scheme as at the date of this report is 3,384,888 shares, representing approximately 0.36% of the issued share capital of the Company as of that date.

No option may be granted to any one person which if exercised in full would result in the total number of shares already issued and issuable to him under the Scheme when aggregated with any shares which might have been issued under cancelled options exceeding 25 per cent. of the aggregate number of shares for the time being issued and issuable under the Scheme.

(iv) Option period

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board of Directors to each grantee, such period of time not exceeding three years from the date falling 90 days after the date on which an option is offered and expiring on the last date of such period.

購股權計劃 (續)

(A) 本公司 (續)

(iii) 股份最高數目

根據購股權計劃所授購股權可認購之股份數目(連同已行使購股權及當時尚未行使之購股權)·在加上根據本公司其他股份計劃可認購之股份數目(不包括根據本公司於一九八九年九月十一日採納之購股權計劃所授出之購股權獲行使而已發行及將予發行之股份)及根據已註銷之購股權而發行之股份後·其總和不得超過本公司不時已發行股本面值之10%(就此不包括根據購股權計劃所授購股權獲行使而發行之股份)·於本報告日期·根據購股權計劃可予發行之股份數量為3,384,888股·相等於當日本公司已發行股本約0.36%。

倘任何一名人士在悉數行使其購股權後根據購股權計劃已發行及可發行予該名人士之股份總數·連同就已註銷購股權而可能發行之股份數目·超過根據購股權計劃當時已發行及可予發行股份總數之25%·則該名人士不會獲授任何購股權。

(iv) 購股權期限

任何購股權均可於董事局通知每位獲授購股權人士之期限內任何時間根據購股權計劃之條款予以行使·該段期限由授出購股權當日起九十日後計為時不超過三年·於期限終結日屆滿。

SHARE OPTION SCHEMES (continued)

(A) The Company (continued)

(v) Amount payable on application or acceptance

An offer of the grant of an option shall remain open for acceptance for a period of 28 days from the date on which an option is offered to the grantee (the "Offer Date"). An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1 by way of consideration of the grant thereof is received by the Company.

(vi) Exercise price

The exercise price in respect of any particular option shall be such price as the Board of Directors may in its absolute discretion determine, being not less than the higher of 80 per cent of the average of the closing price of the shares for the five trading days immediately preceding the Offer Date on the Stock Exchange as stated in the Stock Exchange's quotation sheet or the nominal value of a share.

(vii) The remaining life of the Scheme

The Board of Directors shall be entitled at any time and from time to time within 3 years after 2 August 1999 to offer the grant of an option to any qualifying participants.

購股權計劃 (續)

(A) 本公司 (續)

(v) 於申請或接納時須繳付之金額

授予購股權之邀請由邀請日期(「邀請日期」)起計28日之期間內可供被邀請僱員考慮接納。當本公司接獲由承授人正式簽署接納購股權之函件副本，連同支付予本公司港幣1元，作為授出購股權之代價時，有關購股權已被視為已獲接納及授出。

(vi) 行使價

購股權之行使價將由董事局絕對酌情決定，該價格將不低於股份在緊接授出日期前五個交易日在聯交所之平均收市價(載列於聯交所之報價表內)之80%或股份面值(以較高者為準)。

(vii) 購股權計劃之剩餘期限

董事局可於一九九九年八月二日起計三年內任何時間向任何合資格參與者授出購股權。

SHARE OPTION SCHEMES (continued)

購股權計劃 (續)

(A) The Company (continued)

(A) 本公司 (續)

Details of the share options granted under the Scheme and remain outstanding as at 31 December 2001 are as follows:

根據購股權計劃已授出之購股權及於二零零一年十二月三十一日尚未行使之購股權詳情如下：

(i)	Name of Director 董事姓名	No. of shares under the options 購股權下之股份數目			Held as at 31/12/2001 於2001年 12月31日 持有	Exercise price per share HK\$ 每股 行使價 港元	Date of Grant 授出日期	Exercise period	
		Granted during the year 於年內 授出	Exercised during the year 於年內 行使	Lapsed during the year 於年內 失效				From 由	Until 至
	CHAN Shing 陳城	4,500,000 -	- 5,400,000 ⁽²⁾⁽³⁾	- -	4,500,000 5,400,000	0.68 0.461	29/3/2000 7/5/2001	27/6/2000 5/8/2001	26/6/2003 4/8/2004
	LAU Ting 劉婷	4,500,000 -	- 5,400,000 ⁽²⁾⁽³⁾	- -	4,500,000 5,400,000	0.68 0.461	29/3/2000 7/5/2001	27/6/2000 5/8/2001	26/6/2003 4/8/2004
	YU Wing Keung, Dicky 余永強	1,151,972 3,637,806 2,000,000 -	- - - 2,000,000 ⁽²⁾⁽³⁾	- - - -	1,151,972 3,637,806 2,000,000 2,000,000	0.3957 0.4988 0.68 0.461	31/12/1998 28/9/1999 29/3/2000 7/5/2001	31/12/1999 27/12/1999 27/6/2000 5/8/2001	30/12/2002 26/12/2002 26/6/2003 4/8/2004
	TUNG Pui Shan, Virginia 董佩珊	2,219,061 1,151,972 3,637,806 -	- - - 1,000,000 ⁽²⁾⁽³⁾	1,800,000 ^{(4)(a)} - - -	419,061 1,151,972 3,637,806 1,000,000	0.5441 0.3957 0.4988 0.461	8/7/1997 31/12/1998 28/9/1999 7/5/2001	8/7/1998 31/12/1999 27/12/1999 5/8/2001	7/7/2001 30/12/2002 26/12/2002 4/8/2004
	KWOK Wai Lam 郭偉霖	1,151,972 2,425,204 -	- - 1,000,000 ⁽²⁾⁽³⁾	- - -	1,151,972 2,425,204 1,000,000	0.3957 0.4988 0.461	31/12/1998 28/9/1999 7/5/2001	31/12/1999 27/12/1999 5/8/2001	30/12/2002 26/12/2002 4/8/2004
	YIN Mark 尹虹	606,301 2,425,204 -	- - 1,000,000 ⁽²⁾⁽³⁾	- - -	606,301 2,425,204 1,000,000	0.3957 0.4988 0.461	31/12/1998 28/9/1999 7/5/2001	31/12/1999 27/12/1999 5/8/2001	30/12/2002 26/12/2002 4/8/2004
	SIT Hoi Tung 薛海東	606,301 970,081 2,000,000 -	- - - 3,100,000 ⁽²⁾⁽³⁾	606,301 ^{(4)(b)} 970,081 ^{(4)(b)} - -	- - 2,000,000 3,100,000	0.3957 0.4988 0.68 0.461	31/12/1998 28/9/1999 29/3/2000 7/5/2001	31/12/1999 27/12/1999 27/6/2000 5/8/2001	30/12/2002 26/12/2002 26/6/2003 4/8/2004
	SUN Ho 孫豪	606,301 970,081 2,000,000 -	- - - 3,100,000 ⁽²⁾⁽³⁾	- - - -	606,301 970,081 2,000,000 3,100,000	0.3957 0.4988 0.68 0.461	31/12/1998 28/9/1999 29/3/2000 7/5/2001	31/12/1999 27/12/1999 27/6/2000 5/8/2001	30/12/2002 26/12/2002 26/6/2003 4/8/2004
	LU Jian ⁽¹⁾ 陸健 ⁽¹⁾	1,151,972 3,637,806	- -	1,151,972 ^{(4)(c)} 3,637,806 ^{(4)(c)}	- -	0.3957 0.4988	31/12/1998 28/9/1999	31/12/1999 27/12/1999	30/12/2002 26/12/2002
(ii)	Continuous contract employees 連續合約僱員	1,509,383 5,699,227 -	- - 2,600,000 ⁽²⁾⁽³⁾	606,301 ^{(4)(d)} 1,576,382 ^{(4)(e)} 500,000 ^{(4)(f)}	- - 2,100,000	0.3957 0.4988 0.461	31/12/1998 28/9/1999 7/5/2001	31/12/1999 27/12/1999 5/8/2001	30/12/2002 26/12/2002 4/8/2004

SHARE OPTION SCHEMES (continued)

(A) The Company (continued)

Notes:

- Ms. LU Jian resigned as an Executive Director of the Company with effect from 23 March 2001.
- The closing market price per share of the Company's shares on 4 May 2001, the business day immediately before the grant of options on 7 May 2001, was HK\$0.60.
- Rule 17.08 of the Listing Rules stipulates that the listed issuer is encouraged to disclose in its annual report and interim report the value of options granted to participants as referred to in (i) to (v) of Rule 17.07 during the financial year. The Directors consider it inappropriate to value the options as a number of factors critical for the valuation cannot be determined accurately. Any valuation of the options based on various subjective and speculative assumptions would be inappropriate and could be misleading to the shareholders. The Directors therefore consider the disclosure of only the relevant market price and exercise price, which are readily ascertainable, will be appropriate.
- The weighted average closing market price per share immediately before the date on which the option was exercised was as follows:-

	No. of shares under the options exercised during the year	Weighted average closing price per share
	年度內行使購股權 項下股份數目	HK\$ 每股加權平均 收市價 港元
(a)	1,800,000	0.865
(b)	(i) 606,301	0.57
	(ii) 970,081	0.57
(c)	(i) 1,151,972	0.615
	(ii) 3,637,806	0.615
(d)	606,301	0.97
(e)	(i) 200,000	0.83
	(ii) 406,301	0.97
	(iii) 970,081	1.06
(f)	500,000	0.695

- No options were cancelled during the year.

購股權計劃 (續)

(A) 本公司 (續)

附註:

- 陸健女士於二零零一年三月二十三日起，辭任本公司執行董事之職。
- 於二零零一年五月四日(即緊接二零零一年五月七日授出購股權前一個交易日)，本公司股份之每股收市價為港幣0.60元。
- 上市規則第17.08條訂明，鼓勵上市發行人於其年報及中期報告中，根據第17.07條(i)至(v)項所述，披露於財政年度內授予參與者購股權之價值。董事局認為，由於不能準確釐定評估購股權價值之若干重要因素，故不適宜對購股權進行估值。任何根據多項主觀性及揣測性假設而評估購股權之價值，乃不適宜，且可能誤導股東。因此，董事局認為披露已被確定之有關市價及行使價將較為適宜。
- 緊接購股權行使日期前的每股加權平均收市價如下：

- 於年度內，並無購股權被註銷。

SHARE OPTION SCHEMES *(continued)*

(A) The Company *(continued)*

The Stock Exchange has amended the requirements for share option schemes under Chapter 17 of the Listing Rules, which came into effect on 1 September 2001. These new requirements make some of the provisions of the Scheme no longer applicable. The Directors proposed for the adoption of a new share option scheme and termination of the Scheme at the forthcoming annual general meeting of the Company. During the transitional period, the Company must nevertheless comply with the new requirements of the Listing Rules.

(B) WorldMetal Holdings Limited

WorldMetal Holdings Limited ("WorldMetal"), a subsidiary of the Company, has adopted a share option scheme ("WorldMetal Scheme") on 15 October 2001, which became effective on 26 October 2001, under which a committee authorised by the board of directors of WorldMetal (the "Committee") shall be entitled to offer to grant to any executive director or full-time employee of WorldMetal or its subsidiaries options to subscribe for new shares in WorldMetal ("WorldMetal Shares") subject to the terms and conditions stipulated therein.

Details of the WorldMetal Scheme are as follows:

(i) Purpose of the WorldMetal Scheme

The purpose of the WorldMetal Scheme is to give executive directors and full-time employees of WorldMetal or any of its subsidiaries an opportunity to acquire an equity interest in WorldMetal and to assist in the recruitment and retention of employees with experience and ability.

購股權計劃 (續)

(A) 本公司 (續)

聯交所已就上市規則第十七章有關股份期權計劃之規定作修訂，有關修訂已於二零零一年九月一日起生效。本公司購股權計劃之若干條款已不適用於該新修訂項下之規定。董事局擬於即將舉行之股東週年大會上提議採納新購股權計劃，並終止現有購股權計劃。於過渡期間，本公司務必遵守上市規則之新修訂條款。

(B) WorldMetal Holdings Limited

本公司之附屬公司WorldMetal Holdings Limited (金屬電子交易所集團有限公司) ("WorldMetal") 於二零零一年十月十五日採納了購股權計劃 ("WorldMetal購股權計劃")，並已於二零零一年十月二十六日起生效。據此，WorldMetal董事局授權之委員會 ("委員會") 可酌情依照該計劃之條款及條件授出購股權予WorldMetal及其附屬公司之全職僱員 (包括執行董事) 認購新WorldMetal股份 ("WorldMetal股份")。

WorldMetal購股權計劃詳情如下：—

(i) WorldMetal購股權計劃之目的

WorldMetal購股權計劃旨在向WorldMetal或其任何附屬公司之執行董事及全職僱員提供購入WorldMetal股本權益之機會，並有助招聘吸納及保留有經驗及有所表現之僱員。

SHARE OPTION SCHEMES (continued)

(B) WorldMetal Holdings Limited (continued)

(ii) Participants

Any executive director of WorldMetal or its subsidiaries or any full-time employee of WorldMetal or its subsidiaries who satisfies the following requirements: (i) spends not less than 25 hours per week in providing services to WorldMetal or any of its subsidiaries, such number of hours being determined by averaging out the total number of hours so spent since the employee commences working for WorldMetal or any of its subsidiaries and up to the date of the proposed grant of any Option; and (ii) has been in continuous employment with WorldMetal or any of its subsidiaries for a period of six months.

(iii) Maximum number of shares

The total number of WorldMetal Shares subject to the WorldMetal Scheme and any other schemes must not, in aggregate, exceed 10% of the WorldMetal Shares in issue from time to time (excluding (i) WorldMetal Shares issued upon the exercise of options granted pursuant to the WorldMetal Scheme and any other schemes; and (ii) any pro rata entitlements to further WorldMetal Shares issued in respect of those WorldMetal Shares mentioned in (i)) during a period of ten consecutive years commencing on the date of adoption of the WorldMetal Scheme. The total number of WorldMetal Shares available for issue under the WorldMetal Scheme as at the date of this report is 100,000,000 WorldMetal Shares, representing 10% of the issued share capital of WorldMetal as of that date.

No qualifying participant shall be granted an option which, if exercised in full, would result in such person's maximum entitlement exceeding 25% of the aggregate number of WorldMetal Shares for the time being issued and are issuable under the WorldMetal Scheme.

購股權計劃 (續)

(B) WorldMetal Holdings Limited (續)

(ii) 參與者

WorldMetal或其附屬公司之任何執行董事或任何符合以下要求之全職僱員：(i)為WorldMetal或其任何附屬公司工作每星期不少於二十五小時（此工時是自僱員開始在WorldMetal或其任何附屬公司工作起計至建議授出購股權日期止的總工時的平均數）；及(ii)已連續六個月受聘於WorldMetal或其任何附屬公司。

(iii) 股份最高數目

根據WorldMetal購股權計劃及任何其他計劃而發行之WorldMetal股份總數於WorldMetal購股權計劃採納日期起連續十年期間不得超過WorldMetal不時之已發行WorldMetal股份之10%（不包括(i)根據WorldMetal購股權計劃及任何其他計劃授出的購股權獲行使時發行的WorldMetal股份；及(ii)因就(i)項所述之WorldMetal股份而按比例獲發行的WorldMetal股份）。於本報告日期，根據WorldMetal購股權計劃可予發行之WorldMetal股份數量為100,000,000股，相等於當日WorldMetal已發行股本之10%。

倘任何一名合資格參與者如悉數行使其購股權，其所得權利超過根據WorldMetal購股權計劃當時已發行及可發行WorldMetal股份總數之25%時，則將不會獲授購股權。

SHARE OPTION SCHEMES (continued)

(B) WorldMetal Holdings Limited (continued)

(iv) Option period

An option may be exercised in accordance with the terms of the WorldMetal Scheme at any time during the period the Committee may in its absolute discretion determine, such period of time commencing 90 days after the Offer Date but shall not be less than 3 years nor more than 10 years from the date on which an option is granted.

(v) Amount payable on application or acceptance

An offer of the grant of an option shall remain open for acceptance for a period of 28 days from the date on which an option is offered to the grantee (the "Offer Date"). An option shall be deemed to have been granted and accepted when the duplicate of the offer letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of WorldMetal of HK\$1 by way of consideration of the grant thereof is received by WorldMetal.

(vi) Exercise price

The exercise price in respect of any particular option shall be at least the highest of (i) the closing price of the WorldMetal Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day, (ii) the average closing price of the WorldMetal Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the WorldMetal Shares.

(vii) The remaining life of the Scheme

The Committee shall be entitled at any time during the period of 10 years commencing on 15 October 2001 to offer the grant of an option to any qualifying participants.

購股權計劃 (續)

(B) WorldMetal Holdings Limited (續)

(iv) 購股權期限

任何購股權均可於委員會絕對酌情決定之期限內任何時間根據WorldMetal購股權計劃之條款予以行使，該段期限由邀請日期當日起九十日後計，為時不少於三年及不超過十年。

(v) 於申請或接納時須繳付之金額

授予購股權之邀請由邀請日期（「邀請日期」）起計28日之期間內可供被邀請僱員考慮接納。當WorldMetal接獲由承授人正式簽署接納認股權之函件副本，連同支付予WorldMetal港幣1元，作為授出購股權之代價時，有關購股權已被視為已獲接納及授出。

(vi) 行使價

購股權之行使價最低將為以下其中之最高者：(i)授出購股權當日（必須為交易日）WorldMetal股份在聯交所每日報價表所列之收市價；(ii)WorldMetal股份於緊接授出日期前五個交易日之平均收市價（按載列於聯交所之報價表所示）及(iii) WorldMetal股份之面值。

(vii) 購股權計劃之剩餘期限

委員會可由二零零一年十月十五日起十年內任何時間向任何合資格參與者授出購股權。

SHARE OPTION SCHEMES (continued)

(B) WorldMetal Holdings Limited (continued)

No option for WorldMetal Shares had been granted under the WorldMetal Scheme since its adoption on 15 October 2001.

The Stock Exchange has amended the requirements for share option schemes under Chapter 23 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("GEM Listing Rules"), which came into effect on 1 October 2001. These new requirements make some of the provisions of the WorldMetal Scheme no longer applicable. The directors of WorldMetal proposed for the adoption of a new share option scheme and termination of the WorldMetal Scheme at its forthcoming annual general meeting.

Pursuant to Chapter 17 of the Listing Rules, all schemes involving the grant by a listed issuer or any of its subsidiaries of options over new shares or other new securities of the listed issuer or its subsidiaries must be approved by shareholders of the listed issuer in general meeting. Accordingly, resolution will be proposed for the approval of the new share option scheme of WorldMetal at the forthcoming annual general meeting of the Company. During the transitional period, WorldMetal must nevertheless comply with the new requirements of the Listing Rules and the GEM Listing Rules.

購股權計劃 (續)

(B) WorldMetal Holdings Limited (續)

自二零零一年十月十五日採納WorldMetal購股權後，並無授出可認購WorldMetal股份之購股權。

聯交所已就創業板證券上市規則（「創業板上市規則」）第二十三章有關股份期權計劃之規定作修訂，有關修訂已於二零零一年十月一日起生效。WorldMetal購股權計劃之若干條款已不適用於該新修訂項下之規定。WorldMetal董事局擬於其即將舉行之股東週年大會上提議採納新購股權計劃，並終止現有WorldMetal購股權計劃。

根據上市規則第十七章，所有涉及上市發行人或其任何附屬公司授出購股權以購買該上市發行人或其附屬公司新股或其他新證券的所有計劃必須獲上市發行人之股東在股東大會上批准。因此，本公司擬於即將舉行之股東週年大會上提呈決議案批准WorldMetal之新購股權計劃。於過渡期間，WorldMetal務必遵守上市規則及創業板上市規則之新修訂條款。

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to be in a stable financial position with cash and bank balance of HK\$216,000,000 as at 31 December 2001. As at 31 December 2001, the Group's current ratio, as a ratio of current assets to current liabilities, was 1.39 (2000: 1.51) and the gearing ratio, as a ratio of total liabilities to total assets, was 0.49 (2000: 0.52).

The bank borrowings of the Group as at 31 December 2001 were approximately HK\$456,000,000, including long term borrowings of approximately HK\$113,000,000, which were denominated in Hong Kong Dollar, US Dollar and Renminbi, bearing interest at prevailing market rates. The short-term bank borrowings were mainly loans on trade finance and construction loans and the long-term borrowings were mainly mortgage loans.

CHARGE ON ASSETS

The particulars of the charge on the Group's assets are set out in note 39 to the financial statements on pages 118 and 119.

CAPITAL COMMITMENTS

The particulars of the Group's capital commitments are set out in note 38 to the financial statements on pages 116 to 118.

CONTINGENT LIABILITIES

The particulars of the Group's contingent liabilities are set out in note 38 to the financial statements on pages 116 to 118.

CONVERTIBLE BONDS

Details on the movement in convertible bonds are set out in note 30 to the financial statements on page 103.

資產流動性及財務資源

本集團繼續維持穩定財務狀況，於二零零一年十二月三十一日持有現金及銀行結餘約港幣216,000,000元。於二零零一年十二月三十一日，本集團之流動比率（流動資產與流動負債相比）為1.39（二零零零年：1.51）、負債比率（總負債與總資產相比）為0.49（二零零零年：0.52）。

於二零零一年十二月三十一日，本集團之銀行貸款約為港幣456,000,000元，包括長期貸款約港幣113,000,000元，貨幣單位為港元、美元及人民幣，息率為市場息率。短期銀行貸款主要為貿易信貸和建築貸款，而長期貸款主要為物業按揭貸款。

資產抵押

本集團之資產抵押之資料載於第118頁及第119頁之財務報表附註39。

資本承擔

本集團之資本承擔之資料載於第116頁至第118頁之財務報表附註38。

或然負債

本集團之或然負債之資料載於第116頁至第118頁之財務報表附註38。

可換股債券

可換股債券之變動載情況於第103頁之財務報表附註30。

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. CHAN Shing
Mr. YANG Da Wei – appointed on 23 March 2001

Ms. LAU Ting
Mr. YU Wing Keung, Dicky
Ms. TUNG Pui Shan, Virginia
Mr. KWOK Wai Lam
Mr. YIN Mark
Mr. SIT Hoi Tung
Mr. SUN Ho – appointed on 30 May 2001

Mr. XIE Bing – appointed on 18 March 2002

Ms. LU Jian – resigned on 23 March 2001

Non-Executive Directors:

Mr. CUI Shu Ming
Mr. SONG Yufang
Mr. SZE Tsai Ping, Michael
Mr. FANG Hung, Kenneth – resigned on 30 May 2001

In accordance with bye-laws 85 and 92 of the Bye-laws of the Company, Ms. LAU Ting, Mr. CUI Shu Ming, Mr. KWOK Wai Lam, Mr. SUN Ho and Mr. XIE Bing retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Biographical details of the Directors of the Company are set out on pages 15 to 18.

SENIOR MANAGEMENT

Biographical details of the senior management of the Group are set out on pages 19 and 20.

董事

本公司於本年度內及至本報告日期止之董事詳列如下：

執行董事：

陳城先生
楊大偉先生 – 於二零零一年三月二十三日委任

劉婷女士
余永強先生
董佩珊女士
郭偉霖先生
尹虹先生
薛海東先生
孫豪先生 – 於二零零一年五月三十日委任
謝冰先生 – 於二零零二年三月十八日委任
陸健女士 – 於二零零一年三月二十三日辭任

非執行董事：

崔書明先生
宋玉芳先生
史習平先生
方鏗先生 – 於二零零一年五月三十日辭任

依據本公司之章程細則第85及92條之規定，劉婷女士、崔書明先生、郭偉霖先生、孫豪先生及謝冰先生於即將舉行之股東週年大會上依章告退，惟彼等均願意膺選連任。

本公司董事之簡歷載於第15頁至第18頁。

高層管理人員

本集團高層管理人員之簡歷載於第19頁及第20頁。

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2001, the interests of the Directors and chief executive of the Company (including those interests which were deemed or taken to have interests under the provisions of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) in the issued share capital of the Company and any of its associated corporations (within the meaning of the SDI Ordinance) as recorded in the register kept by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

(1) Interests in Shares

(A) The Company

Name of Director 董事姓名	Personal interests 個人權益	Number of shares 持有股份數目			Total 總數
		Corporate interests 公司權益	Family interests 家族權益		
CHAN Shing 陳城	13,035,472 <i>(Note 2)</i> (附註2)	438,304,701 <i>(Notes 1&2)</i> (附註1及2)	21,776,072 <i>(Note 2)</i> (附註2)		473,116,245
LAU Ting 劉婷	21,776,072 <i>(Note 2)</i> (附註2)	211,900,848 <i>(Notes 1&2)</i> (附註1及2)	239,439,325 <i>(Note 2)</i> (附註2)		473,116,245 <i>(Note 2)</i> (附註2)
TUNG Pui Shan, Virginia 董佩珊	3,672,218	5,104,000 <i>(Note 3)</i> (附註3)	110,000		8,886,218
YIN Mark 尹虹	338,000	-	-		338,000
SIT Hoi Tung 薛海東	1,576,382	-	-		1,576,382

董事於本公司及其聯營公司股本中之權益

於二零零一年十二月三十一日，根據本公司按照證券(披露權益)條例(「披露權益條例」)第29條所規定須予設置之登記冊所載，本公司各董事及行政總裁於本公司及其聯營公司(定義見披露權益條例)已發行股本中擁有或被視為擁有之權益，詳情如下：

(1) 股份權益

(A) 本公司

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

董事於本公司及其聯營公司股本中之權益 (續)

(1) Interests in Shares (continued)

Notes:

- Out of the 438,304,701 shares, 226,403,853 shares were owned by Hang Sing Overseas Limited ("Hang Sing") and 211,900,848 shares were owned by Strong Purpose Corporation ("Strong Purpose"). Mr. CHAN Shing, together with Ms. LAU Ting, own a 51% interest in Hang Sing through Orient Strength Limited and a 100% interest in Strong Purpose. Ms. LAU Ting is the spouse of Mr. CHAN Shing.
- The interests of Ms. LAU Ting and Mr. CHAN Shing were duplicated.
- 5,104,000 shares were owned by Focus Cheer Consultants Limited ("Focus Cheer"), a company which is wholly-owned by Ms. TUNG Pui Shan, Virginia.

(B) Associated Corporation – WorldMetal Holdings Limited

(1) 股份權益 (續)

附註:

- 在 438,304,701 股中，226,403,853 股由 Hang Sing Overseas Limited (「Hang Sing」) 持有，另外 211,900,848 股由 Strong Purpose Corporation (「Strong Purpose」) 擁有。陳城先生連同劉婷女士合共持有 Hang Sing 51% 權益 (透過 Orient Strength Limited) 及 Strong Purpose 100% 權益。劉婷女士為陳城先生之配偶。
- 劉婷女士與陳城先生之權益重疊。
- 5,104,000 股由董佩珊女士全資擁有之公司 Focus Cheer Consultants Limited (「Focus Cheer」) 持有。

(B) 聯營公司 – WorldMetal Holdings Limited

Name of Director 董事姓名	Number of shares 持有股份數目			Total 總數
	Personal interests 個人權益	Corporate interests 公司權益	Family interests 家族權益	
CHAN Shing 陳城	72,951,773	535,646,308 (Note 1) (附註 1)	50,288,803 (Note 2) (附註 2)	658,886,884 (Note 4) (附註 4)
YANG Da Wei 楊大偉	3,000,000	-	-	3,000,000
LAU Ting 劉婷	50,288,803	535,646,308 (Note 1) (附註 1)	72,951,773 (Note 3) (附註 3)	658,886,884 (Note 4) (附註 4)
YU Wing Keung, Dicky 余永強	28,100,000	-	-	28,100,000
TUNG Pui Shan, Virginia 董佩珊	3,183,610	255,200 (Note 5) (附註 5)	5,500	3,444,310

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

董事於本公司及其聯營公司股本中之權益 (續)

(1) Interests in Shares (continued)

(1) 股份權益 (續)

(B) Associated Corporation – WorldMetal Holdings Limited (continued)

(B) 聯營公司 – WorldMetal Holdings Limited (續)

Name of Director 董事姓名	Personal interests 個人權益	Number of shares 持有股份數目		Total 總數
		Corporate interests 公司權益	Family interests 家族權益	
KWOK Wai Lam 郭偉霖	3,000,000	-	-	3,000,000
YIN Mark 尹虹	3,016,900	-	-	3,016,900
SIT Hoi Tung 薛海東	3,078,819	-	-	3,078,819
SUN Ho 孫豪	5,000,000	-	660,000	5,660,000

Notes:

附註:

- These shares were held as to 11,320,192 shares by Hang Sing, as to 10,595,042 shares by Strong Purpose and as to 513,731,074 shares by the Company.
- These shares were held by Ms. LAU Ting.
- These shares were held by Mr. CHAN Shing.
- The interests of Ms. LAU Ting and Mr. CHAN Shing were duplicated.
- 255,200 shares were owned by Focus Cheer.

- 此等股份中，11,320,192股由Hang Sing持有，10,595,042股由Strong Purpose擁有，及513,731,074股由本公司持有。
- 此等股份由劉婷女士持有。
- 此等股份由陳城先生持有。
- 陳城先生與劉婷女士之權益重疊。
- 255,200股由Focus Cheer持有。

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

Save as otherwise disclosed herein, as at 31 December 2001, none of the Directors or chief executive of the Company had or were deemed under the SDI Ordinance to have any interests in the share capital or debentures of the Company or any of its associated corporations, or were required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in respect of such interests.

(2) Rights to Acquire Shares

As at 31 December 2001, the interests of the Directors in options to subscribe for shares in the Company granted under two share option schemes adopted by the Company on 11 September 1989 and 23 July 1999 respectively as recorded in the register kept by the Company under section 29 of the SDI Ordinance were as disclosed in the previous section headed "Share Option Schemes" of this report.

Save as otherwise disclosed in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements, other than the share option schemes of the Company or its subsidiaries, to enable any of the Company's Directors, their respective spouse or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

董事於本公司及其聯營公司股本中之權益 (續)

除本報告所披露者外，於二零零一年十二月三十一日，本公司董事或行政總裁概無擁有或按照權益披露條例被視為擁有本公司或其任何聯營公司之股本或債券權益，且並無任何該等權益而須根據《上市公司董事進行證券交易的標準守則》向本公司或聯交所發出通知。

(2) 購買股份之權利

於二零零一年十二月三十一日，本公司按照披露權益條例第29條規定須予設置之登記冊所載，本公司根據分別於一九八九年九月十一日及一九九九年七月二十三日採納之購股權計劃授予董事購股權以認購本公司之股份權益之詳情，已於本報告內前段標題為「購股權計劃」一段中披露。

除本報告所披露者外，在本年度內任何時間，本公司或其任何附屬公司概無參與或達成任何安排（本公司或其附屬公司採納之購股權計劃除外），使本公司董事、其配偶或未滿十八歲之子女可透過購入本公司或任何其他法團之股份或債券而獲得利益。

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2001, according to the register kept by the Company under Section 16(1) of the SDI Ordinance, the following shareholders (other than the Directors and chief executive of the Company) were directly or indirectly interested in 10% or more of the issued share capital of the Company:

Name of shareholder 股東名稱	Number of shares in the Company 本公司股份數目	Note 附註
Strong Purpose Corporation	211,900,848	1
Hang Sing Overseas Limited	226,403,853	2
Orient Strength Limited	226,403,853	2
Zhong Shan Company Limited 鍾山有限公司	226,403,853	2
Superior Quality Assets Limited	226,403,853	2

Notes:

- The 211,900,848 shares owned by Strong Purpose formed part of the interests of Mr. CHAN Shing and Ms. LAU Ting herein disclosed respectively.
- 51% of the issued share capital of Hang Sing was owned by Orient Strength Limited, a company which in turn was wholly-owned by Mr. CHAN Shing and Ms. LAU Ting, and 49% of the issued share capital of Hang Sing was owned by Superior Quality Assets Limited, a company which was wholly-owned by Zhong Shan Company Limited. Zhong Shan Company Limited was wholly-owned by the Jiangsu Provincial People's Government of the PRC. The 226,403,853 shares held by Hang Sing formed part of the interests of Mr. CHAN Shing and Ms. LAU Ting herein disclosed respectively.

As at 31 December 2001, save as disclosed above, the Company had not been notified of any other interests representing 10% or more of the issued share capital of the Company.

主要股東

於二零零一年十二月三十一日，於本公司按照披露權益條例第16(1)條所規定須予設置之登記冊所載，直接或間接持有本公司已發行股本10%或以上權益之股東如下（本公司董事及行政總裁除外）：

Name of shareholder 股東名稱	Number of shares in the Company 本公司股份數目	Note 附註
Strong Purpose Corporation	211,900,848	1
Hang Sing Overseas Limited	226,403,853	2
Orient Strength Limited	226,403,853	2
Zhong Shan Company Limited 鍾山有限公司	226,403,853	2
Superior Quality Assets Limited	226,403,853	2

附註：

- Strong Purpose所持有之211,900,848股，為本文所分別披露陳城先生及劉婷女士之權益之一部份。
- Hang Sing之51%已發行股本乃由陳城先生及劉婷女士全資擁有之Orient Strength Limited所擁有，另外Hang Sing之49%已發行股本則由鍾山有限公司全資擁有之Superior Quality Assets Limited所擁有。鍾山有限公司乃中國江蘇省人民政府全資擁有之公司。Hang Sing持有之226,403,853股乃本文所分別披露陳城先生及劉婷女士之權益之一部份。

除上文所披露者外，於二零零一年十二月三十一日，本公司概不知悉有任何其他人士持有本公司已發行股本10%或以上權益。

SERVICE CONTRACTS WITH DIRECTORS

None of the Directors offering themselves for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONNECTED TRANSACTIONS

(1) Sales and purchases of metal products

- (A) Burwill Steel Pipes Limited ("BSPL"), a wholly-owned subsidiary of the Company, purchased metal products from Hyundai Corporation ("Hyundai") amounted to approximately HK\$16,319,000 in the year 2001. Hyundai owns approximately 50% of the issued share capital of and is therefore a substantial shareholder of SteelMetal.com Limited, which is a non-wholly owned subsidiary of the Company. BSPL is engaged in the business of metal manufacturing and the purchase of metal products from Hyundai is in its normal and ordinary course of business.
- (B) Burwill Resources Limited ("BRL"), a wholly-owned subsidiary of the Company, and B & P Intertrade Limited, a 50% owned subsidiary of the Company, sold metal products to Minmetals Townlord Technology Co., Limited and its associates (as defined in the Listing Rules) ("Minmetals") amounted to approximately US\$48,300,000 (approximately HK\$376,900,000) in the year 2001. Minmetals owns 50% of the issued share capital of and is therefore a substantial shareholder of 北京威銘商網資訊技術有限公司 ("ChinaSteel.com") which is a non-wholly owned subsidiary of the Company. BRL and B & P are metal trading companies and the sales of metal products to Minmetals is in their normal and ordinary course of business.

董事之服務合約

於即將舉行之股東週年大會上擬重選連任之董事，概無與本公司訂立任何本公司不可於一年內免付賠償（法定賠償除外）予以終止之服務合約。

關連交易

(1) 售出及購買金屬產品

- (A) 本公司全資附屬公司寶威鋼管有限公司（「寶威鋼管」）於二零零一年向 Hyundai Corporation（「Hyundai」）購買金額約達港幣16,319,000元的金屬產品。Hyundai 擁有 SteelMetal.com Limited 已發行股本約50%，因此為其主要股東。SteelMetal.com Limited 為本公司之非全資附屬公司。寶威鋼管從事金屬製造業務，而向 Hyundai 購買金屬產品屬其正常業務範圍。
- (B) 本公司全資附屬公司寶威物料供應有限公司（「寶威物料」）及本公司擁有50%權益之附屬公司 B&P Intertrade Limited，於二零零一年向五礦龍騰科技股份有限公司及其聯繫人（定義見上市規則）（「五礦龍騰」）出售金額約達48,300,000美元（約港幣376,900,000元）之金屬產品。五礦龍騰擁有北京威銘商網資訊技術有限公司（「北京威銘」）已發行股本之50%，因此為其主要股東。北京威銘為本公司之非全資附屬公司。寶威物料及 B&P 為金屬貿易公司，而向五礦龍騰出售金屬產品屬其正常業務範圍。

CONNECTED TRANSACTIONS (continued)

(2) On-line transactions through the portals

The Group conducts transactions through the portals operated by WorldMetal Holdings Limited, a 51% owned subsidiary of the Company, and its subsidiaries (the "WorldMetal Group") from time to time and will pay the WorldMetal Group a commission fee of 0.5% to 1.5%, depending on the types of products traded, on the value of the transactions completed through the portals. The WorldMetal Group is engaged in the business of providing Internet trading platforms which facilitate online transactions of metals, as well as consultancy services for the operation of such trading platforms. The aggregate amount of commission paid by the Group to the WorldMetal Group in the year 2001 was approximately HK\$12,062,000.

(3) Granting of share option

Pursuant to the agreement dated 5 July 2001, the Company has granted an option to Hyundai to acquire from the Company, at no consideration and at zero exercise price, up to 4.99% (i.e. 49,900,000 WorldMetal Shares) of the issued share capital of WorldMetal as at 26 October 2001, the date on which the listing of WorldMetal Shares on GEM commenced, where Hyundai had achieved the target volume and target income as stipulated in the agreement in relation to the trading of metals it conducted through www.WorldMetal.com, being a business and business platform on the Internet operated by WorldMetal.com Limited, an indirect 51% owned subsidiary of the Company.

The option can be exercisable at any time within six months immediately following the expiry of the lock-up period applicable to the WorldMetal Shares held by the Company. Such lock-up period has been reduced to a period of six months from the listing date of WorldMetal Shares pursuant to the waiver granted by the Stock Exchange subject to conditions.

關連交易 (續)

(2) 透過網站進行的網上交易

本集團不時透過本公司擁有51%權益之附屬公司WorldMetal Holdings Limited及其附屬公司(「WorldMetal集團」)營運之網站進行交易,並會向WorldMetal集團支付佣金費用,數額為透過該等網站所完成之交易額之0.5%至1.5%(視乎交易商品種類而定)。WorldMetal集團從事之業務為提供互聯網交易平台以促進網上金屬交易進行,以及就該等交易平台之營運提供諮詢服務。本集團於二零零一年向WorldMetal集團支付之佣金總額約為港幣12,062,000元。

(3) 授出購股權

根據於二零零一年七月五日訂立之協議,本公司授予Hyundai購股權,以零代價及零行使價,認取本公司持有之WorldMetal股份最高達至相當於WorldMetal股份於二零零一年十月二十六日在聯交所創業板上市當天之已發行股本之4.99%(即49,900,000股WorldMetal股份),而Hyundai就透過www.worldmetal.com(為本公司間接擁有51%權益之附屬公司金屬電子交易有限公司所營運之互聯網商業對商業平台)進行之金屬交易,已達到該協議項下所訂之目標交易量及目標收入。

該購股權可於緊接適用於本公司所持WorldMetal股份之禁售期屆滿後六個月內隨時行使。根據聯交所授豁免並受若干條件所限,該禁售期已縮短至由WorldMetal股份上市日起計六個月。

CONNECTED TRANSACTIONS (continued)

(4) On-going connected transactions

(i) On-line transactions through the portals

During the year ended 31 December 2001, the Group has provided Hyundai with access to the trading platforms www.WorldMetal.com (operated by WorldMetal.com Limited) and www.SteelInMetal.com (operated by SteelInMetal.com Limited). Under the membership agreement between Hyundai and WorldMetal.com Limited for the use of www.WorldMetal.com and the membership agreement between Hyundai and SteelInMetal.com Limited for the use of www.SteelInMetal.com, Hyundai will, for each transaction completed through any one of the above portals, pay to the corresponding platform operator a commission ranging from 0.5% to 1.5% of the value of the transaction, depending on the types of products traded. The total value of the commission paid to the Group by Hyundai in the year 2001 amounted to approximately HK\$17,542,000 (the "Commission Payment").

(ii) Provision of technology consultancy services and marketing consultancy services

During the year ended 31 December 2001, ChinaSteel.com had provided consultancy services to 北京金博潤科技有限公司, which is 50% owned by Minmetals (and hence an associates of Minmetals as defined in the Listing Rules) in accordance with the Technology Consultancy Services Contract and the Marketing Consultancy Services Contract, both for a term of 5 years, entered into between the parties on 16 February 2001.

關連交易 (續)

(4) 持續關連交易

(i) 透過網站進行之網上交易

於截至二零零一年十二月三十一日止年度內，本集團向Hyundai提供可登入www.WorldMetal.com（由金屬電子交易所有限公司營運）及www.SteelInMetal.com（由SteelInMetal.com Limited營運）交易平台進行網上交易。根據Hyundai與金屬電子交易所有限公司及SteelInMetal.com Limited個別簽訂之會員協議，透過www.WorldMetal.com及／或www.SteelInMetal.com交易平台完成之每項交易，Hyundai需向有關的平台營運商支付交易金額之0.5%至1.5%之佣金（視乎所交易商品種類而定）。於二零零一年Hyundai支付予本集團之佣金總額約達港幣17,542,000元（「佣金費用」）。

(ii) 提供技術服務及市場開發諮詢服務

於截至二零零一年十二月三十一日止年度內，北京威銘根據其與北京金博潤科技有限公司於二零零一年二月十六日訂立各為期五年之技術服務合同及市場開發諮詢服務合同，向北京金博潤科技有限公司（五礦龍騰持有其50%權益，據此根據上市規則所界定，屬五礦龍騰之聯繫人）提供諮詢服務。

CONNECTED TRANSACTIONS (continued)

(4) On-going connected transactions (continued)

- (ii) Provision of technology consultancy services and marketing consultancy services (continued)

Relevant aggregate service fee paid or payable for the year ended 31 December 2001 amounted to approximately RMB5,250,000 (approximately HK\$4,907,000) (the "Service Fee").

In accordance with the requirements of the waiver granted by the Stock Exchange to the Company from strict compliance with Rule 14.25 of the Listing Rules (the "Waiver"), the Directors (including the independent non-executive Directors) have reviewed the above on-going connected transactions and confirmed that the transactions were conducted:

- (a) in the ordinary and usual course of the Group's business;
- (b) on normal commercial terms or where there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (c) in accordance with the terms of the agreements governing the transactions or where there are no such agreements, on terms no less favourable than those available to or from independent third parties.

The Commission Payment and the Service Fee paid or payable for the year ended 31 December 2001 were within the respective caps as set out in the Waivers.

關連交易 (續)

(4) 持續關連交易 (續)

- (ii) 提供技術服務及市場開發諮詢服務 (續)

於截至二零零一年十二月三十一日止年度，已付或應付之有關服務費用總額約達人民幣5,250,000元（約港幣4,907,000元）（「服務費用」）。

根據聯交所授予本公司使之無須嚴格遵守上市規則第14.25條之豁免（「該豁免」）所規定，董事（包括獨立非執行董事）已審閱上述持續關連交易，並確認上述交易：

- (a) 在本集團之正常業務範圍內進行；
- (b) 按一般商業條款或如無有關條款可作比較，則按對本公司股東而言屬公平及合理之條款進行；及
- (c) 按照規管該等交易之協議條款而進行或如無該等協議，則按不差於給予獨立第三者或獨立第三者給予之條款而進行。

於截至二零零一年十二月三十一日止年度已付或應付佣金費用及服務費用，均在該豁免所訂之有關金額上限範圍內。

CONNECTED TRANSACTIONS *(continued)*

(4) On-going Connected Transactions *(continued)*

The auditors of the Company have also reviewed the above on-going connected transactions and confirmed in writing to the Directors stating that:

- (a) the transactions have received the approval of the Company's board of Directors;
- (b) the transactions are in accordance with the pricing policies of the Group as stated in the Company's financial statements;
- (c) the transactions have been entered into in accordance with the terms of the agreements governing the transactions or, if there are no such agreements, on terms no less favourable than those available to or from independent third parties; and
- (d) the cap amounts as stated in the Waivers have not been exceeded.

關連交易 (續)

(4) 持續關連交易 (續)

本公司核數師亦已審閱上述持續關連交易並以書面向董事確認表明：

- (a) 該等交易已獲本公司董事局批准；
- (b) 該等交易符合本公司財務報表所載本集團之定價政策；
- (c) 該等交易乃按規管該等交易之協議條款而進行，或如無該等協議，則按不差於給予獨立第三者或獨立第三者給予之條款進行；及
- (d) 並未超過該豁免所定之金額上限。

CONNECTED TRANSACTIONS (continued)

(5) Transfer of Assets

On 8 January 2002, Burwill (China) Limited, a wholly-owned subsidiary of the Company, entered into an agreement with 東莞市寶城軋鋼聯營廠 (the "PRC Shareholder") whereby both parties agreed to the transfer of the entire assets of Dongguan Baohua Steel-Rolling Co., Limited to a wholly foreign owned enterprise established by the Company in China (the "Transfer"). Dongguan Baohua is owned as to 51% by Burwill (China) and the PRC Shareholder is a substantial shareholder of Dongguan Baohua. The total consideration payable for the Transfer is approximately RMB15,329,000 (approximately HK\$14,461,000).

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial period/years is set out on page 124.

STAFF

As at 31 December 2001, the Group employed 490 staff. Staff remuneration packages are normally reviewed annually. The Group also provides other staff benefits which include year end double pay, discretionary bonus, contributory provident fund and medical insurance. Training programmes for staff are provided as and when required.

EMPLOYEES RETIREMENT BENEFIT

Details of the retirement benefit schemes of the Group and the employees' retirement benefit costs charged to the consolidated income statement for the year are set out in note 40 to the financial statements on pages 119 and 120.

關連交易 (續)

(5) 資產轉讓

於二零零二年一月八日，本公司全資附屬公司寶威(中國)有限公司(「寶威中國」)與東莞市寶城軋鋼聯營廠(「中方股東」)訂立協議。據此，雙方同意將東莞寶華軋鋼有限公司(「東莞寶華」)全部資產，轉讓予本公司將於中國註冊成立之外商獨資企業(「資產轉讓」)。東莞寶華之51%權益由寶威(中國)擁有，而中方股東為東莞寶華之主要股東。資產轉讓之總代價約為人民幣15,329,000元(約港幣14,461,000元)。

五年財務概要

本集團過去五個財政期間／年度之業績、資產及負債概要刊載於第124頁。

僱員

於二零零一年十二月三十一日，本集團共僱用490名員工。僱員薪酬通常每年調整一次。本集團並為僱員提供其他福利，包括年終雙糧、酌情發放之花紅、需供款之公積金及醫療保險。本集團亦會視乎需要為僱員提供培訓計劃。

僱員退休福利

本集團退休福利計劃詳情及計入年度內綜合損益表之僱員退休福利費用，載於第119頁及第120頁之財務報表附註40。

COMPLIANCE WITH CODE OF BEST PRACTICE OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year, except that the non-executive directors are not appointed for a specific term but are subject to retirement by rotation at the Annual General Meeting of the Company in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The Audit Committee comprising two independent non-executive directors of the Company has been set up since January 1999. Its principal duties include the review and supervision of the Company's financial reporting process and internal controls. The audited financial statements for the year ended 31 December 2001 have been reviewed by the Audit Committee.

AUDITORS

Arthur Andersen & Co, who has been appointed as auditors of the Company since 1999, will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board
CHAN Shing
Chairman

Hong Kong, 18 April 2002

遵照香港聯合交易所有限公司證券上市規則之最佳應用守則

本公司於年度內一直遵守上市規則附錄十四所載之最佳應用守則，惟非執行董事並無指定任期，彼等須根據本公司之章程細則於本公司之股東週年大會上輪值告退及重選連任。

審核委員會

審核委員會自一九九九年一月起成立，由本公司兩位獨立非執行董事組成，其主要職責包括檢討及監察本公司之財務匯報程序及內部監管。截至二零零一年十二月三十一日止年度之經審核財務報表已經審核委員會審閱。

核數師

安達信公司自一九九九年獲聘為本公司核數師，並將任滿告退，有關續聘其為本公司核數師之決議案將於應屆股東週年大會上提呈。

董事局代表
主席
陳城

香港，二零零二年四月十八日