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## **ORIENTAL METALS (HOLDINGS) COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **ANNOUNCEMENT**

Further to the Previous Announcements of the Company in relation to an outstanding litigation, the Directors announce that at a hearing held on 27th January, 2003, a judgment had been entered for the Banks against the Company and its Three Subsidiaries in respect of the Banks' claim for a sum of approximately US\$14,280,000 (equivalent to HK\$111,384,000 approximately). The exact amount of the judgment is subject to agreement between the parties and in the absence of such agreement to be determined by the Court.

The Company will immediately make announcement when the Company is notified about the enforcement. Such enforcement proceedings will materially and adversely affect the Company's financial and operational position if the debt restructuring agreement referred to below cannot be concluded.

The Company was informed by HSBC (in its capacity as the liaison bank of all the bank creditors of the Company in Hong Kong) that the banks were in discussion with a potential investor in relation to a Proposal. The Company will request HSBC to keep the Company informed of any progress regarding the Proposal and will make further announcement on any significant development in this regard as and when appropriate upon receipt of any material information.

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:30 a.m. on 27th January, 2003 pending publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 4th February, 2003.

**Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.**

Reference is made to the Company's Previous Announcements in relation to an outstanding litigation.

The Directors announce that at a hearing held on 27th January, 2003, a judgment had been entered for the Banks against the Company and its Three Subsidiaries in respect of the Banks' claim for a sum of approximately US\$14,280,000 (equivalent to HK\$111,384,000 approximately). The exact amount of the judgment is subject to agreement between the parties and in the absence of such agreement to be determined by the Court. The Company is currently seeking legal advice regarding the judgment. Further announcement will be made by the Company on further material development of the case.

Set out below is the financial information extracted from the unaudited management accounts of the Group as at 31st October, 2002. The Banks' claim of approximately HK\$111,384,000 as mentioned above, which comprises loan principal of approximately HK\$110,000,000 and interest and other charges of approximately HK\$1,384,000, was recorded as current liabilities. The loan principal was included in "Bank loans and overdraft – bank creditors in Hong Kong". The interest and other charges were included in "Creditors and accrued charges".

	<b>For the ten months ended 31st October, 2002 (Unaudited) in HK\$ million</b>	<b>For the twelve months ended 31st December, 2001 (Audited) in HK\$ million</b>
Consolidated turnover	<u>685</u>	<u>1,234</u>
		<b>Consolidated balance as at 31st October, 2002 (Unaudited) in HK\$ million</b>
Non-current assets		483
Current assets	<u>559</u>	
Current liabilities		
Bank loans and overdraft		
– bank creditors in Hong Kong	(377)	
– bank creditors in mainland China	(192)	
Creditors and accrued charges	<u>(447)</u>	
	<u>(1,016)</u>	
Net current liabilities		(457)
Non-current liabilities		(260)
<i>Less: Minority interests</i>		<u>(155)</u>
Net liabilities		<u>(389)</u>

As at 31st October, 2002, the Group recorded a turnover of approximately HK\$685,000,000 and total tangible assets of approximately HK\$1,042,000,000. As such, the Directors believed that the Group can still currently maintain a sufficient level of operation. However, in view of the net liabilities situation of the Group, the Directors' expectation was placed on the debt restructuring work referred to below. If the debt restructuring can be successfully implemented, the Group's future operations can be secured.

The Group is principally engaged in trading of nonferrous metals and industrial investments relating to nonferrous metals. For the industrial investments in the mainland China, as mentioned in the Company's announcement dated 22nd January, 2003, the production and sales activities of the Group's major subsidiaries and associates are so far unaffected and have been operating as normal. For the operation in Hong Kong (mainly trading business and investment holding), because of the growth in demand and increase in market price of alumina, its trade business will resume in current year. The trading receipts generated from the sales in 2003, together with the dividend income and collections from previous years' trade debts, will provide the cash necessary for paying the daily operating and administrative expenses. As such, the Directors believed that despite the repayment of bank loans and interest, the Group is currently able to meet its debt settlement for its daily operation. The Group is currently able to maintain a sufficient level of operations to warrant the continued listing of the Company's securities pursuant to Paragraph 38 of the Listing Agreement.

The Company is also currently not aware of whether the Banks will take further proceedings to enforce the judgement. The Company will request HSBC (in its capacity as the liaison bank of all the bank creditors of the Company in Hong Kong) to negotiate with the Banks to accept a settlement of the claims under the judgement by agreeing to the Proposal referred to below. The Company will immediately make announcement when the Company is notified about the enforcement. Such enforcement proceedings will materially and adversely affect the Company's financial and operational position if the debt restructuring agreement referred to below cannot be concluded.

The Directors also announce that on 23rd January, 2003, the Company was informed by HSBC that the banks were in discussion with a potential investor in relation to a Proposal. According to HSBC, it is their intention to sign a formal debt restructuring agreement between the potential investor and all the bank creditors of the Company during the first quarter of 2003 subject to agreement among all relevant parties (including without limitation the Banks). As no agreement has yet been reached between the bank creditors and the investor, a debt restructuring agreement may or may not be concluded. If the debt restructuring agreement cannot be concluded and subject to no other source of financing is available, there will be material adverse impact to the Company's financial and operational position. Up to the date of this announcement, the Company had so far not been involved in the aforesaid discussion nor had the Company been notified by the bank creditors regarding the particulars of Proposal or the potential investor. The Company will request HSBC to keep the Company informed of any progress regarding the Proposal and will make further announcement on any significant development in this regard as and when appropriate upon receipt of any material information from HSBC. There is no guarantee that a debt restructuring agreement will be agreed by all the bank creditors.

Save as disclosed in the Company's announcement dated 23rd October, 2002 in relation to an winding up order issued against Da Hua, a wholly owned subsidiary of the Company, there is no further development of the case. As the Group does not have guarantee or unfulfilled capital commitment to Da Hua and Da Hua is a limited liability company, the claims against Da Hua amounting to approximately HK\$21,000,000 and the appointment of provisional liquidators have no adverse impact to the Group. The Company will make announcement when there is any further material development.

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**Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

“Banks”	UFJ Bank Limited, Sumitomo Mitsui Banking Corporation, Bayerische Hypo-Und Vereinsbank Aktiengesellschaft, Credit Suisse First Boston, The Industrial and Commercial Bank of China (Asia) Limited and Banca Nazionale Del Lavoro S.P.A Hong Kong Branch
“Company”	Oriental Metals (Holdings) Company Limited, the shares of which are listed on the Stock Exchange
“Court”	the High Court of the Hong Kong Special Administrative Region of the People’s Republic of China
“Da Hua”	Da Hua Non-Ferrous Metals Company Limited
“Directors”	the board of directors of the Company
“Group”	the Company and its subsidiaries
“HSBC”	The Hong Kong and Shanghai Banking Corporation Limited
“Previous Announcements”	the Company’s announcements dated 14th May 2002 and 22nd January, 2003
“Proposal”	a proposal in relation to the bank loans owed by the Company and its subsidiaries of approximately HK\$377,000,000 to all the bank creditors of the Company in Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Three Subsidiaries”	Orienmet Aluminium Company Limited, Orienmet Industry Company Limited and Oriental Copper Company Limited

By Order of the Board  
**Lau Yat Ching**  
*Director & Executive Vice President*

Hong Kong, 30th January, 2003

“Please also refer to the published version of this announcement in The Standard”.