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# **WellNet Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

## **ANNOUNCEMENT**

On 6 December 2002, On Smart entered into the Loan Agreement with a group of banks and financial institutions, whereby On Smart will be granted a 3-year syndicated loan facility of up to HK\$130 million. The proceeds of the Facility will be used to finance the Group's capital expenditure and as general working capital.

The Loan Agreement contained an undertaking relating to the specific performance obligation imposed on the controlling shareholders of the Company.

This announcement is made in compliance with the disclosure requirements under paragraph 3.7.1 of Practice Note 19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Directors of WellNet Holdings Limited (the "Company") announce that on 6 December 2002, On Smart Holdings Limited ("On Smart"), a wholly-owned subsidiary of the Company, entered into a loan agreement (the "Loan Agreement") with a group of banks and financial institutions whereby On Smart will be granted a 3-year syndicated loan facility of up to HK\$130 million (the "Facility"). The proceeds of the Facility will be used to finance the Group's capital expenditure and as general working capital. As at 30 June 2002, the unaudited short-term bank borrowings and long-term bank borrowings of the Group amounted to HK\$311.6 million and HK\$107.2 million respectively.

The Group is principally engaged in international metal trading, metal processing and property development and investment. With over 50 years of industry experience and our quality team and goodwill, all these have laid a solid foundation for the steady growth of the Group's core businesses. Capitalising on its competitive strengths, the Group strive to capture the unprecedented opportunities brought about by China's accession to World Trade Organisation and opening of the PRC domestic market to foreign enterprises. The Group plans to make further investments in its metal processing business in order to expand its market share. The Group has also established its logistics and distribution network in the northern, eastern and southern China, which will further enhance the profit margin of the business. The Directors consider the Facility will represent an opportunity for the Group's development, enhancing the long term growth of the Group and bring returns for the shareholders.

The Facility is repayable by seven instalments, with the first repayment date falling 18 months after the date of the Loan Agreement and every three months thereafter in the amounts equal to 7.5 per cent. of the total amount of principal borrowed under the Facility for the first six instalments and 55 per cent. for the final instalment. The interest under the Facility will be paid monthly, bi-monthly, quarterly or half yearly as selected by On Smart before any drawdown in accordance with the Loan Agreement.

The Loan Agreement includes an undertaking on procuring that Mr. Chan Shing and Ms. Lau Ting (the "Chan Family") beneficially own, in aggregate, either directly and indirectly, more than 30 per cent. of the total issued share capital from time to time of the Company and that the Chan Family shall at all times during the term of the Loan Agreement remain the single largest beneficial shareholder of the Company. A breach of such undertaking will constitute an event of default under the Facility, upon the occurrence of which all amounts outstanding and owing under the Facility shall become immediately due and payable.

Mr. Chan Shing is the Chairman and Managing Director of the Company and Ms. Lau Ting, the spouse of Mr. Chan Shing, is an Executive Director of the Company. As at the date hereof, the Chan Family, directly and indirectly, holds approximately 45.57 per cent. of the issued share capital of the Company.

This announcement is made in compliance with the disclosure requirements under paragraph 3.7.1 of Practice Note 19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Made by the Order of the Board of Directors of  
**WellNet Holdings Limited**  
**Ng Lai Ping, Grace**  
*Company Secretary*