



WellNet Holdings Limited

創新發展集團有限公司*

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS

The Directors announce that Burwill Steel Pipes have purchased metal products from Hyundai, and Burwill Resources and B&P have sold metal products to Minmetals. Burwill Steel Pipes, Burwill Resources and B&P are subsidiaries of WellNet. As Hyundai and Minmetals are connected parties of WellNet, such purchase and sale of metal products constituted connected transactions under the Listing Rules. **The above-mentioned transactions have been conducted in the normal and ordinary course of business of Burwill Steel Pipes, Burwill Resources and B&P respectively.**

WellNet is required by the Listing Rules to make an announcement of the transactions conducted by Burwill Steel Pipes with Hyundai immediately after the entry into the transactions as the aggregate amount of the transactions for the years 2000 and 2001 respectively exceeded 0.03% of the book value of the net tangible assets of the Group. WellNet is also required to make an announcement and obtain independent Shareholders' approval before the entry into the transactions between Burwill Resources or B&P on the one hand and Minmetals on the other hand as the aggregate amount of the transactions represented more than 3% of the book value of the net tangible assets of the Group for the years 2000 and 2001 respectively. However, as these transactions were entered into in the ordinary course of business of Burwill Steel Pipes, Burwill Resources and B&P respectively, the volume of these transactions was only recently drawn to the attention of the Directors. **The failure by WellNet to comply with the requirements of the Listing Rules constituted a breach and the Stock Exchange reserves its right to take appropriate action.**

It is anticipated that Burwill Steel Pipes will continue to purchase metal products from Hyundai, and Burwill Resources and B&P will continue to sell metal products to Minmetals, which will constitute on-going connected transactions of WellNet under the Listing Rules. WellNet will make an application to the Stock Exchange for waivers from strict compliance with the disclosure and shareholders approval requirements of the Listing Rules, as the case may be, in respect of such on-going connected transactions.

From time to time, the Group conducts metal trading transactions through the portals operated by the WorldMetal Group. In respect of these online transactions, the Group will pay the WorldMetal Group a commission fee of 0.5% to 1.5% on the value of the transactions completed through the portals. It is expected that the commission fees payable by the Group to the WorldMetal Group will not exceed HK\$15 million per annum. WellNet will make an application to the Stock Exchange for waiver from strict compliance with the disclosure requirements of the Listing Rules in respect of these commission payments.

BACKGROUND

The Directors announce that Burwill Steel Pipes has purchased metal products from Hyundai, and Burwill Resources and B&P have sold metal products to Minmetals. The purchase of metal products by Burwill Steel Pipes from Hyundai amounted to approximately HK\$14.3 million and HK\$16.3 million for the years 2000 and 2001 respectively. The sale of metal products by Burwill Resources and B&P to Minmetals amounted to approximately US\$13.4 million (approximately HK\$104.5 million) and US\$48.3 million (approximately HK\$376.9 million) for the years 2000 and 2001 respectively. The transactions were settled in cash payment.

Burwill Steel Pipes is engaged in the business of manufacturing and Burwill Resources and B&P are engaged in the business of metal trading. The purchase and sale of metal products was made in the ordinary course of business of Burwill Steel Pipes, Burwill Resources and B&P respectively and was based on normal commercial terms.

The Group is principally engaged in international metal trading, manufacturing of metal products, operation of metal exchange portals, property investment and development.

CONNECTED TRANSACTIONS BY BURWILL STEEL PIPES

Burwill Steel Pipes is a wholly-owned subsidiary of WellNet. Hyundai owns 50% of the issued share capital of and is therefore a substantial shareholder of SteelMetal.com. SteelMetal.com is an indirect 50% owned subsidiary of WellNet. Therefore, Hyundai is a connected person (as defined in the Listing Rules) of WellNet.

Burwill Steel Pipes is a metal manufacturing company and the purchase of metal products from Hyundai is in its normal and ordinary course of business. The aggregate amount of metal products purchased by Burwill Steel Pipes from Hyundai in the years 2000 and 2001 was approximately HK\$14.3 million and HK\$16.3 million respectively which represented 2.2% and 2.7% of the book value of the net tangible assets of the Group as disclosed in its relevant latest published audited consolidated accounts, that is, more than 0.03% but less than 3% of the book value of the net tangible assets of the Group as disclosed in its latest published audited consolidated accounts for the relevant year. As of 15 April 2002, the aggregate amount of metal products purchased since 1 January 2002 was approximately HK\$4.2 million. WellNet is required by the Listing Rules to make an announcement of the transactions immediately after the entry into the transactions. However, as the transactions are made in Burwill Steel Pipes' normal and ordinary course of business, the volume of these transactions was only recently drawn to the attention of the Directors. **The failure to make an announcement by WellNet pursuant to Rule 14.25 of the Listing Rules immediately after the transactions are entered into constituted a breach of the Listing Rules by WellNet. The Stock Exchange reserves its rights to take appropriate action.**

CONNECTED TRANSACTIONS BY BURWILL RESOURCES AND B&P

Burwill Resources and B&P are subsidiaries of WellNet. Minmetals Townlord Technology Co., Limited owns 50% of the issued share capital of and is therefore a substantial shareholder of ChinaSteel.com. ChinaSteel.com is an indirect 50% owned subsidiary of WellNet. Therefore, Minmetals is a connected person (as defined in the Listing Rules) of WellNet. Minmetals Townlord Technology Co., Limited is listed on the Shanghai Stock Exchange. The China Minmetals Group, which is the ultimate holding company of Minmetals, is a group of major PRC state-owned enterprises and is one of the largest metals and minerals trading groups in the PRC.

Burwill Resources and B&P are metal trading companies and the sale of metal products to Minmetals is in their normal and ordinary course of business. The aggregate amount of metal products sold by Burwill Resources and B&P to Minmetals in the years 2000 and 2001 was approximately US\$13.4 million (approximately HK\$104.5 million) and US\$48.3 million (approximately HK\$376.9 million) respectively which represented 15.9% and 63.3% of the book value of the net tangible assets of the Group as disclosed in its latest published audited consolidated accounts for the relevant year. As of 15 April 2002, the aggregate amount of metal products sold since 1 January 2002 was approximately US\$11.5 million (approximately HK\$89.8 million). Pursuant to Rule 14.26 of the Listing Rules, WellNet is required to make an announcement and obtain independent Shareholders' approval before the entry into the transactions. However, as the transactions are made in the normal and ordinary course of business of Burwill Resources and B&P, the volume of these transactions was only recently drawn to the attention of the Directors. **The failure to make an announcement and obtain prior independent Shareholders' approval by WellNet before the entry into these transactions constituted a breach of the Listing Rules by WellNet. The Stock Exchange reserves its rights to take appropriate action.**

CONNECTED TRANSACTIONS WITH THE WORLDMETAL GROUP

The WorldMetal Group are subsidiaries of WellNet. The shares of WorldMetal Holdings Limited are listed on the Growth Enterprise Market of the Stock Exchange. 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.

From time to time, the Group conducts transactions through the portals operated by the WorldMetal Group. In respect of these online transactions, the Group will pay the WorldMetal Group a commission fee of 0.5% to 1.5% on the value of the transactions completed through the portals. The aggregate amount of commission paid by the Group to the WorldMetal Group in the years 2000 and 2001 was approximately HK\$3.2 million and HK\$12.1 million respectively which represented 0.5% and 1.9% of the book value of the net tangible assets of the Group as disclosed in its relevant latest published audited consolidated accounts. As of 15 April 2002, the aggregate amount of commission paid since 1 January 2002 was approximately HK\$2.6 million. It is expected that the commission fees payable by the Group to the WorldMetal Group will not exceed HK\$15 million per annum. WellNet will make an application to the Stock Exchange for waiver from strict compliance with the disclosure requirements of the Listing Rules in respect of these commission payments.

ON-GOING CONNECTED TRANSACTIONS WAIVER APPLICATION

The above-mentioned transactions have been conducted in the normal and ordinary course of business of Burwill Steel Pipes, Burwill Resources, B&P and the members of the Group, as the case may be. It is anticipated that Burwill Steel Pipes will continue to purchase metal products from Hyundai, Burwill Resources and B&P will continue to sell metal products to Minmetals, and members of the Group will continue to conduct online transactions through the portals operated by the WorldMetal Group, which will constitute on-going connected transactions for WellNet under the Listing Rules. The annual aggregate amount of Burwill Steel Pipes On-going Connected Transactions and the WorldMetal On-going Connected Transactions is each expected not to exceed 3% of the net tangible assets of the Group and will normally require disclosure by way of press announcement. The annual aggregate amount of Burwill Resources On-going Connected Transactions is expected to exceed 3% of the net tangible assets of the Group and will normally require disclosure by way of press notice, circular to Shareholders and prior approval by the independent Shareholders. As these transactions will be of a regular and continuing nature, the Directors consider that it will not be practical to make disclosures, and/or to seek independent Shareholders' approval, in respect of such future transactions on each occasion they arise.

For the On-going Connected Transactions WellNet will make an application for a waiver from strict compliance with the requirements of Chapter 14 of the Listing Rules under the conditions set out below for a period of three financial years ending 31 December, 2002, 2003 and 2004.

The conditions for the waivers are:

- the On-going Connected Transactions will be carried out:
 - in the ordinary and usual course of business of the Group;
 - either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;
 - on terms that are fair and reasonable and in the interests of the independent Shareholders as a whole;
- the aggregate amount of the Burwill Steel Pipes On-going Connected Transactions as mentioned in (i) below, the aggregate amount of the Burwill Resources On-going Connected Transactions as mentioned in (ii) below and the WorldMetal On-going Connected Transactions as mentioned in (iii) below for each of the three financial years ending 31 December, 2002, 2003 and 2004 shall not exceed the respective cap amount as set forth below:

Description	Cap amount
(i) Burwill Steel Pipes On-going Connected Transactions	not exceeding the higher of either (i) HK\$10 million; or (ii) 3% of the consolidated net tangible assets of the Group for any relevant financial year
(ii) Burwill Resources On-going Connected Transactions	25% of the Group's consolidated annual turnover for any relevant financial year
(iii) WorldMetal On-going Connected Transactions	not exceeding HK\$15 million for any relevant financial year

- details of the On-going Connected Transactions as required by Rule 14.25(1)(A) to (D) of the Listing Rules with a statement of opinion of the independent non-executive Directors as described in paragraph (d) below shall be disclosed in WellNet's annual report for the relevant financial year;
- the independent non-executive Directors shall review annually the On-going Connected Transactions and confirm in WellNet's annual report for the relevant financial year that they were conducted in the manner as stated in paragraph (a) above;
- the auditors of WellNet shall be engaged annually by WellNet to conduct procedures on the On-going Connected Transactions and report in a letter to the Directors, a copy of which shall be provided to the Listing Division of the Stock Exchange, stating whether:
 - such transactions have been approved by the board of Directors;
 - such transactions have been entered into in accordance with the terms of the agreements governing such transactions or where there is no agreement, on the pricing policies of the Group or on terms no less favourable than terms available to or from (as appropriate) independent third parties; and
 - the cap amount set out in paragraph (b) above has been exceeded; and
- WellNet, Burwill Steel Pipes, Burwill Resources and B&P undertake that each of WellNet, Burwill Steel Pipes, Burwill Resources and B&P shall, and WellNet shall procure the other members of the Group to, provide the auditors of WellNet access to their respective books and records for the purpose of the review of the On-going Connected Transactions.

For the Burwill Resources On-going Connected Transactions, the cap amount of 25% of the Group's consolidated annual turnover for any relevant financial year is made on the basis that the aggregate amount of the transactions made in the year 2001 represented 12.9% of the Group's consolidated annual turnover for the relevant year. With China's accession to the World Trade Organisation and the expected volume of construction activities in preparation of the Olympic Games in 2008, the Group expects the China market for metal products to be more buoyant and its transactions with the metal industry in China will increase accordingly.

Where, for whatever reason, the auditors of WellNet decline to accept the engagement or are unable to provide the letter, the Directors shall contact the Stock Exchange as soon as practicable.

If any terms of the On-going Connected Transactions as mentioned above are altered or if the Group enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, WellNet will comply with the provisions of Chapter 14 of the Listing Rules governing connected transactions unless it applies for and obtains a separate waiver from the Stock Exchange.

WellNet will also apply to the Stock Exchange for a waiver of the requirement to hold a Shareholders' meeting to approve the Burwill Resources On-going Connected Transactions, as all Shareholders of WellNet have the right to attend and vote at a general meeting to consider such transactions and such approval has been given in writing by a closely allied group of Shareholders together holding more than 50% in nominal value of the Shares in WellNet giving the right to attend and vote at such general meeting. WellNet will as soon as practicable dispatch to the Shareholders for information a circular containing further details of the Burwill Resources On-going Connected Transactions.

DEFINITIONS

The following terms have the meanings defined below.

"associates"	have the meaning as defined in the Listing Rules
"B&P"	B&P Intertrade Limited, a company incorporated in Hong Kong which is a 50% owned subsidiary of WellNet
"Burwill Resources"	Burwill Resources Limited, a company incorporated in Hong Kong which is a wholly-owned subsidiary of WellNet
"Burwill Resources On-going Connected Transactions"	the sale of metal products by Burwill Resources and B&P to Minmetals
"Burwill Steel Pipes"	Burwill Steel Pipes Limited, a company incorporated in Hong Kong which is a wholly-owned subsidiary of WellNet
"Burwill Steel Pipes On-going Connected Transactions"	the purchase of metal products by Burwill Steel Pipes from Hyundai
"ChinaSteel.com"	北京威銘商網資訊技術有限公司 (ChinaSteel.com Corporation Limited), a company incorporated in the People's Republic of China, an indirect 50% subsidiary of WellNet
"Directors"	the directors of WellNet, including the independent non-executive directors of WellNet
"Group"	WellNet and its subsidiaries
"Hyundai"	Hyundai Corporation, a company incorporated in Korea
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Minmetals"	Minmetals Townlord Technology Co., Limited, a company established in the People's Republic of China, and its associates (as defined in the Listing Rules)
"On-going Connected Transactions"	Burwill Steel Pipes On-going Connected Transactions, Burwill Resources On-going Connected Transactions and WorldMetal On-going Connected Transactions
"Shareholders"	shareholders of WellNet
"SteelMetal.com"	SteelMetal.com Limited, a company incorporated in Korea, an indirect 50% subsidiary of WellNet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning as defined in the Listing Rules
"WellNet"	WellNet Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange and Singapore Exchange Securities Trading Limited
"WorldMetal Group"	WorldMetal Holdings Limited, which is a 51% owned subsidiary of WellNet, and its subsidiaries
"WorldMetal On-going Connected Transactions"	the commission payments made to the WorldMetal Group by the Group in respect of the online transactions conducted through portals operated by the WorldMetal Group
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People's Republic of China
"US\$"	US dollars, the lawful currency of the United States of America

Note: The conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 to HK\$7.80.

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

Hong Kong SAR, 17 April 2002

* For identification purpose only