

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in WorldMetal Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**WorldMetal Holdings Limited**

**金屬電子交易所集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 8161)**

**PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SECURITIES**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**AMS Corporate Finance Limited**

A letter of recommendation from the Independent Board Committee (as defined herein) to the Independent Shareholders (as defined herein) and a letter of advice from AMS Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders as regards the fairness and reasonableness of the refreshment of the Current General Mandate (as defined herein) are set out on page 7 and pages 8 to 13 of this circular.

A notice convening a special general meeting of WorldMetal Holdings Limited to be held at Renaissance Harbour View Hotel, Board Rooms 3 & 4, Mezzanine Floor, 1 Harbour Road, Wanchai, Hong Kong on Monday, 4 July 2005 at 10:00 a.m. is set out on pages 14 to 15 of this circular. Whether or not you intend to be present at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Unit 1406, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish.

*This circular will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.*

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

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## DEFINITIONS

*In this circular, unless the context otherwise specifies, the following expressions have the following meanings:*

“AMS”	AMS Corporate Finance Limited, a licensed corporation under the SFO to conduct types 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New General Mandate
“associates”	has the same meaning as ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Company”	WorldMetal Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Current General Mandate”	the general mandate approved and granted to the Directors to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution at the Last Annual General Meeting
“Directors”	directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all of the three independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the refreshment of the Current General Mandate
“Independent Shareholders”	Shareholders other than Ms. LAU Ting, Mr. CHAN Shing, Hang Sing Overseas Limited, Strong Purpose Corporation and Burwill Holdings Limited and their respective associates

## DEFINITIONS

“Last Annual General Meeting”	the annual general meeting of the Company held on 3 August 2004
“Latest Practicable Date”	16 June 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“New General Mandate”	the general mandate proposed to be granted to the Directors at the Special General Meeting to allot, issue and otherwise deal with additional securities not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Special General Meeting
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Special General Meeting”	the special general meeting of the Company to be held at Renaissance Harbour View Hotel, Board Rooms 3 & 4, Mezzanine Floor, 1 Harbour Road, Wanchai, Hong Kong on Monday, 4 July 2005 at 10:00 a.m. for the purpose of considering, if thought fit, approving the resolutions approving the grant of the New General Mandate and the extension thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawfully currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

**WorldMetal Holdings Limited**

金屬電子交易所集團有限公司\*

(incorporated in Bermuda with limited liability)

(Stock Code: 8161)

*Executive Directors:*

LAU Ting (Chairman)

CHEN Aizheng

NG Man Fai, Matthew

*Independent non-executive Directors:*

KING Roger

HUANG Shenglan

LI Xiaojun

*Registered office:*

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Head office and*

*principal place of business:*

Unit 1406, Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

17 June 2005

*To the Shareholders*

Dear Sirs,

**PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SECURITIES**

**INTRODUCTION**

The purpose of this circular is to provide you with, among others, (i) the details of the New General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the grant of the New General Mandate; (iii) the advice from AMS to the Independent Board Committee and the Independent Shareholders on the grant of the New General Mandate; and (iv) the notice of the Special General Meeting.

**CURRENT GENERAL MANDATE**

At the Last Annual General Meeting, the Shareholders approved, among others, an ordinary resolution to grant the Directors the Current General Mandate to allot and issue Shares not exceeding 200,000,000 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 1,000,000,000 Shares as at the date of the Last Annual General Meeting.

\* For identification only

## LETTER FROM THE BOARD

As announced by the Company on 7 March 2005, the Company entered into two placing agreements respectively with two independent third parties for placing of an aggregate of 200,000,000 new Shares raising total net proceeds of approximately HK\$5.1 million which have been used as the Group's general working capital as intended.

Since the Last Annual General Meeting, the Current General Mandate has not been refreshed.

### **PROPOSED GRANT OF THE NEW GENERAL MANDATE**

On 10 June 2005, the Company announced the formation of a joint venture with Tabcorp International No.1 Pty Limited to engage in providing certain advanced and developed lottery operating systems, terminals, proprietary intellectual property rights and other technology support services to, and cooperating with, PRC Government authorised organisation(s) for issuance of lottery and operation of a lottery business. The Group is committed to contribute approximately HK\$60,000,000 to such venture and the Directors are considering the financing structure of the Group's commitment, which remained undecided as at the Latest Practicable Date and would depend on capital market conditions.

In order to provide the financial flexibility for the Group so that it is able to conduct any equity financing exercise for the joint venture should that be required, the Directors propose to put the following ordinary resolutions to be considered at the Special General Meeting so as to seek approval of the Independent Shareholders that:

- (i) the Directors be granted the New General Mandate to allot and issue Shares and other securities representing not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution; and
- (ii) the New General Mandate be extended to the Shares and other securities that are allowed to be repurchased by the Company pursuant to the general mandate approved and granted to the Directors at the Last Annual General Meeting.

Upon passing the relevant resolutions at the Special General Meeting and on the basis that no further Shares were/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the Special General Meeting, the Company would be allowed pursuant to the New General Mandate to allot and issue an equivalent of not exceeding 240,000,000 new Shares, being 20% of 1,200,000,000 Shares in issue as at the Latest Practicable Date.

Pursuant to the GEM Listing Rules, Ms. LAU Ting, Mr. CHAN Shing, Hang Sing Overseas Limited, Strong Purpose Corporation and Burwill Holdings Limited and their respective associates who in aggregate own 608,986,884 Shares, representing approximately 50.75% of the total issued share capital of the Company, are required to abstain from voting in favour of the resolutions to be proposed at the Special General Meeting to approve the grant of the New General Mandate and the extension thereof, where voting shall be taken on a poll.

### **INDEPENDENT ADVICE**

The Independent Board Committee comprising Mr. KING Roger, Mr. HUANG Shenglan and Mr. LI Xiaojun, all of them being the independent non-executive Directors, has been formed to advise the Independent Shareholders, and AMS has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders, as regards the fairness and reasonableness of the refreshment of the Current General Mandate.

## **LETTER FROM THE BOARD**

### **SPECIAL GENERAL MEETING**

A notice of the Special General Meeting is set out on pages 14 to 15 of this circular for the purpose of considering and, if thought fit, approving the grant of the New General Mandate. A form of proxy for use at the Special General Meeting is accompanied with this circular.

Whether or not you intend to be present at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Unit 1406, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish.

Announcement will be made by the Company following the Special General Meeting to inform you of the results thereof.

### **PROCEDURES BY WHICH A POLL MAY BE DEMANDED**

Pursuant to bye-law 70 of the bye-laws of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:–

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by its duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by its duly authorised corporate representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.



## LETTER FROM THE BOARD

### RECOMMENDATION

The Directors are of the opinion that the grant of the New General Mandate is fair and reasonable insofar as the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions set out in the notice of the Special General Meeting contained herein.

In addition, your attention is drawn to the letter from the Independent Board Committee as set out on page 7 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the New General Mandate, having considered the advice of AMS thereon. The letter from AMS is set out on pages 8 to 13 of this circular containing the principal factors and reasons it has taken into consideration and its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the grant of the New General Mandate.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

### CONSENT

AMS has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter set out therein and reference to its name in the form and context in which they appear respectively.

Yours faithfully,  
For and on behalf of the Board  
**WorldMetal Holdings Limited**  
**LAU Ting**  
*Chairman*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the grant of the New General Mandate for the purpose of incorporation in this circular:*

# WorldMetal Holdings Limited

金屬電子交易所集團有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 8161)**

17 June 2005

*To the Independent Shareholders*

Dear Sirs,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SECURITIES**

We refer to the circular of the Company dated 17 June 2005 (the “Circular”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the New General Mandate are fair and reasonable insofar as the Independent Shareholders are concerned. AMS has been appointed as the independent financial adviser to advise us and you in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, AMS as set out in its letter of advice to us and you on pages 8 to 13 of the Circular, we are of the opinion that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Special General Meeting to approve the grant of the New General Mandate and the extension thereof.

Yours faithfully,

For and on behalf of the

*Independent Board Committee*

**KING Roger**

**HUANG Shenglan**

**LI Xiaojun**

*Independent non-executive Directors*

\* For identification only

## LETTER FROM AMS

*The following is the full text of a letter from AMS to the Independent Board Committee and the Independent Shareholders in relation to the grant of the New General Mandate for the purpose of incorporation in this circular:*



博資財務顧問有限公司  
AMS Corporate Finance Limited

20th Floor  
Hong Kong Diamond Exchange Building  
8-10 Duddell Street  
Central, Hong Kong

17 June 2005

*To the Independent Board Committee and  
the Independent Shareholders of WorldMetal Holdings Limited*

Dear Sirs,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SECURITIES**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of WorldMetal Holdings Limited (the “Company”) in respect of the proposed grant of the New General Mandate, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular dated 17 June 2005 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Pursuant to Rule 17.42A of the GEM Listing Rules, any refreshment of the general mandate before the next annual general meeting requires that any controlling shareholders and their associates shall abstain from voting in favour of the relevant resolution at the general meeting. In this connection, Ms. Lau Ting, Mr. Chan Shing, Hang Sing Overseas Limited, Strong Purpose Corporation and Burwill Holdings Limited and their respective associates who in aggregate own 608,986,884 Shares, representing approximately 50.75% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting in favour of the resolution to be proposed at the Special General Meeting to approve the New General Mandate. The voting of the Independent Shareholders shall be taken by poll.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the New General Mandate is in the interests of the Company and the Shareholders as a whole and whether the New

## LETTER FROM AMS

General Mandate is fair and reasonable so far as the Independent Shareholders are concerned. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether or not the New General Mandate is in the interests of the Company and the Shareholders as a whole; (ii) whether the grant of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed to approve the grant of the New General Mandate at the Special General Meeting.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the information and representations contained or referred to in the Circular and the information and representations provided to us by the Company and the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Company and the Directors, for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so at the date hereof. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have no reason to doubt the truth, accuracy or completeness of the information provided to us by the Company and the Directors. We consider that we have reviewed sufficient information to reach an informed view. We have not, however, conducted any independent verification of the information provided, nor have we carried out any form of in-depth investigation into the business and affairs of the Group or the prospects of the market in which it operates.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion regarding the New General Mandate, we have taken into consideration the following principal factors and reasons:

#### **I. Background**

On 7 March 2005, the Board announced, among other things, that the Company entered into two placing agreements respectively with two independent third parties pursuant to which the Company had conditionally agreed to issue and allot for an aggregate of 200,000,000 new Shares (the "Placings"), representing 20% of the then existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the Placings. Total net proceeds of approximately HK\$5.1 million were raised from the Placings and have been used as the Group's general working capital as intended. Pursuant to the Current General Mandate to allot, issue and deal with Shares granted to the Directors by a resolution passed at the Company's last annual general meeting held on 3 August 2004 and on the basis of the Company's issued share capital of 1,000,000,000 Shares on that date, 200,000,000 new Shares can be issued under the Current General Mandate.

## LETTER FROM AMS

Due to the completion of the Placings pursuant to which an aggregate of 200,000,000 new Shares had been allotted and issued, the Current General Mandate has been fully utilised. Accordingly, the Board proposes to seek for the approval of the Independent Shareholders at the Special General Meeting for the grant of the New General Mandate to allot, issue and deal with securities not exceeding 20% of the aggregate nominal amount of the share capital of the Company as at the date of passing the relevant resolution at the Special General Meeting.

### **II. Latest business development of the Group**

The Group is principally engaged in the business of providing internet metal trading platforms and ancillary value-chain services, consultancy services and application software development services.

As indicated in the Company's latest annual report for the year ended 31 March 2004, the Group recorded a loss attributable to shareholders of approximately HK\$3.2 million for the year. As advised by the Company, the loss for the year was mainly due to the drop in the commission income and the gross profit margin in sales of merchandise. In addition, based on the Company's latest quarterly report for the third quarter ended 31 December 2004, the Group reported an unaudited loss attributable to shareholders of approximately HK\$3.7 million for the nine months ended 31 December 2004. As advised by the Company, such loss was mainly attributable to the substantial drop in turnover from sales of merchandise.

According to the Company's announcement dated 10 June 2005 (the "Announcement"), China Lotsynergy Limited, a wholly-owned subsidiary of the Company, has conditionally agreed to form a joint venture company with Tabcorp International No. 1 Pty Limited, a wholly-owned subsidiary of Tabcorp Holdings Limited ("Tabcorp") in Australia, for the purpose of providing certain advanced and developed lottery operating systems, terminals, proprietary intellectual property rights and other technological support services to, and cooperating with, PRC government authorised organisation(s) for issuance of lottery and operation of a lottery business. The joint venture company, namely Tabcorp International Hong Kong Limited ("TIHK"), will be beneficially owned as to 33% by the Group and 67% by the Tabcorp Group. As noted from the Announcement, although the issue of lottery in the PRC is a lawful business of public welfare nature which is totally directed by the PRC government authorities and the PRC lottery market is currently restricted to local market players only, TIHK may enter into the PRC lottery market by serving as a system provider. Furthermore, the Company believes that TIHK, with the support of Tabcorp (a well known gaming and entertainment company in Australia which has successful experience in operating a lottery business and possesses the necessary technology and intellectual property) and the Company (which on the other hand has in-depth knowledge of the PRC market and extensive market resources), will be able to develop a nationwide lottery related business in the PRC.

As further indicated in the Announcement, the total capital commitment in respect of the formation of TIHK is HK\$180 million, of which the Group's contribution will be approximately HK\$60 million. As advised by the Directors, the Company may finance such funding requirements either by equity or debt financing including, but not limited to, shareholders' loans and/or bank borrowings.

## LETTER FROM AMS

### III. Financial flexibility

As stated in the Letter from the Board, the New General Mandate will provide the Company with the financial flexibility to conduct any equity financing exercises which may be required to meet the Group's capital commitment to TIHK. As such, the Directors believe that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

We consider that the grant of the New General Mandate could enhance the financial flexibility of the Company to raise capital and to strengthen the Group's capital base. In particular, given the Group's capital commitment to TIHK as mentioned above, we consider it important for the Group to have sufficient financial resources, or a readily available means to raise sufficient financial resources, to meet its funding requirements. The New General Mandate will provide the Group with the flexibility of issuing new Shares by way of placement to raise capital within a short period of time for funding its contribution committed to TIHK or the Group's general working requirements as and when necessary.

In addition, since share placement exercises are dependent, to certain extent, on the prevailing market price of the shares as well as market conditions which can often be volatile, the recent price performance of the shares may determine whether it is a good timing to conduct a share placement. In this connection, we have reviewed the price performance of the Shares during the 12-month period up to the Latest Practicable Date. We noted, in particular, that the Share price started to rise gradually and surged to levels around HK\$1 per Share during the weeks before the trading of the Shares were suspended pending the publication of the Announcement. On 13 June 2005 (being the trading day immediately following the publication of the Announcement), the Shares reached a high level of HK\$1.4 per Share and closed at HK\$1.29.

Save as announced by the Company on 30 March 2005 that the Company was in discussions with certain independent third parties on the business development of the Company which may involve a possible issue of new Shares and the introduction of substantial Shareholder(s), and save for the establishment of the joint venture company as disclosed in the Announcement, the Directors have confirmed repeatedly that they were not aware of any reasons for the increase in the Share Price. Nevertheless, it is evident that the price performance of the Shares has improved in recent few months. We consider that such strong price performance of the Shares may present a good opportunity for the Company to consider raising capital by way of issue of new Shares. As mentioned above, the Current General Mandate had been fully utilised following the completion of the Placings, the grant of the New General Mandate will thus enable the Company to capture the favourable market sentiment towards the Shares and to respond to any such capital raising opportunity in a timely manner.

Based on the financial flexibility brought by the New General Mandate as discussed above, we are of the view that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM AMS

### IV. Other financing alternatives

As advised by the Directors, other than raising fund by way of issuing equity capital, the Company may consider other financing alternatives such as bank borrowing or debt issuance in order to meet its capital commitment to TIHK or any other financing requirements that may arise in the future. Nevertheless, these financing alternatives often result in growing indebtedness and additional financing costs for the Group. As the New General Mandate will provide a means for the Company to finance the Group's businesses while further strengthening its capital base, we believe that the Directors will take into consideration the Group's then financial position, capital structure and cost of funding as well as the then market conditions in order to select the financing method which serves the best interests of the Group for its future development.

### V. Potential dilution to shareholdings of the Shareholders

Set out below is the dilution effect on the shareholding structure of the Company assuming that i) no Shares will be issued during the period from the Latest Practicable Date to the date of the Special General Meeting and ii) the New General Mandate will be fully utilised:

Shareholders	Issued share capital as at the Latest Practicable Date		Issued share capital assuming the full utilisation of the New General Mandate	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Controlling Shareholders and associates</b>				
Ms. Lau Ting ( <i>Note 1</i> )	50,288,803	4.19	50,288,803	3.49
Mr. Chan Shing ( <i>Note 2</i> )	72,951,773	6.08	72,951,773	5.07
Hang Sing Overseas Limited ( <i>Note 3</i> )	11,320,192	0.94	11,320,192	0.79
Strong Purpose Corporation ( <i>Note 4</i> )	10,595,042	0.89	10,595,042	0.73
Burwill Holdings Limited ( <i>Note 5</i> )	463,831,074	38.65	463,831,074	32.21
Independent Shareholders	591,013,116	49.25	591,013,116	41.04
Shares that may be issued under the New General Mandate	–	–	240,000,000	16.67
Total	<u>1,200,000,000</u>	<u>100.00</u>	<u>1,440,000,000</u>	<u>100.00</u>

## LETTER FROM AMS

*Notes:*

1. Ms. Lau Ting is an executive Director.
2. Mr. Chan Shing is the spouse of Ms. Lau Ting.
3. Hang Sing Overseas Limited (“Hang Sing”) is owned as to 51% by Orient Strength Limited, which is wholly-owned by Ms. Lau Ting and Mr. Chan Shing.
4. Strong Purpose Corporation (“Strong Purpose”) is wholly-owned by Ms. Lau Ting and Mr. Chan Shing.
5. Burwill Holdings Limited is owned as to 21.48% by Hang Sing, 20.10% by Strong Purpose, 2.07% by Ms. Lau Ting and 1.24% by Mr. Chan Shing.

As shown in the above table, the aggregate shareholdings of the existing Independent Shareholders will decrease from approximately 49.25% to 41.04% upon the full utilisation of the New General Mandate. This represents a potential maximum dilution of approximately 16.67% upon the full utilisation of the New General Mandate. Given the fact that the shareholdings of all the Shareholders will be diluted proportionally to the same extent to their respective shareholdings upon any utilisation of the New General Mandate and the financial flexibility that the grant of the New General Mandate will bring to the Company as discussed in the section headed “Financial flexibility” above, we consider such potential dilution to the shareholdings of the Independent Shareholders to be fair and reasonable.

Independent Shareholders should note that upon the Independent Shareholders’ grant of the New General Mandate at the Special General Meeting, the New General Mandate will be and continue to be in force until the earlier of (i) the conclusion of the Company’s next annual general meeting, and (ii) the revocation or variation or renewal of the authority given under the relevant resolution to be proposed by ordinary resolution of the Shareholders in general meeting. Such duration is in compliance with Rule 17.42 of the GEM Listing Rules.

### RECOMMENDATION

Having considered the factors and reasons stated above, we are of the opinion that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Therefore, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the New General Mandate at the Special General meeting.

Yours faithfully,  
For and on behalf of  
**AMS Corporate Finance Limited**  
**Jinny Mok**  
*Director*



## NOTICE OF SPECIAL GENERAL MEETING

# WorldMetal Holdings Limited

金屬電子交易所集團有限公司\*

(incorporated in Bermuda with limited liability)

(Stock Code: 8161)

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of WorldMetal Holdings Limited (the “Company”) will be held at Renaissance Harbour View Hotel, Board Rooms 3 & 4, Mezzanine Floor, 1 Harbour Road, Wanchai, Hong Kong on Monday, 4 July 2005 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

### ORDINARY RESOLUTION NO. 1

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares of HK\$0.01 each in the capital of the Company (the “Shares”) or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and warrants, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under the share option scheme; or (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the approval pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

\* For identification only

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- (ii) the end of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to eligible holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restriction or obligations under the laws of, or the requirements of, and jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

### ORDINARY RESOLUTION NO. 2

“**THAT** conditional upon the passing of Resolution numbered 1 set out in the notice of special general meeting dated 17 June 2005, the aggregate nominal amount of the Shares that the Directors may allot, issue or deal with the unissued Shares or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options under the general mandate granted to the Directors pursuant to such Resolution numbered 1 be and is hereby increased by the aggregate nominal amount of Shares repurchased by the Company pursuant to and in accordance with Resolution numbered 6 passed at the annual general meeting of the Company held on 3 August 2004, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such Resolution numbered 6.”

By Order of the Board  
**NG Lai Ping, Grace**  
*Company Secretary*

Hong Kong, 17 June 2005

*Notes:*

- (1) A member entitled to attend and vote at the special general meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company. In the event that a member appoints more than one proxy, on a show of hands, all such proxies shall collectively have one vote unless otherwise provided for in the bye-laws of the Company.
- (2) A form of proxy for use at the special general meeting is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be deposited at the principal place of business of the Company at Unit 1406, 14th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the meeting. Completion and deposit of the form of proxy will not preclude a member from attending and voting in person.
- (3) If two or more persons are joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Share.