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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)

PLACING OF NEW SHARES

Financial Advisers to the Company



SOMERLEY LIMITED

The Board announces that the Company had on 7 March 2005 entered into the Placing Agreements with the Placees, pursuant to which the Company agreed conditionally to issue and allot an aggregate of 200,000,000 Placing Shares to the Placees at a price of HK\$0.026 per Placing Share. Completion of the Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The Placing Shares represent 20% of the Company's existing issued share capital and approximately 16.67% of the Company's issued share capital as enlarged by the Placing Shares.

Each of the Placees and their respective beneficial owner is not a connected person (as defined in the GEM Listing Rules) and is independent of and not connected with the Directors, substantial shareholders, management shareholders and chief executives of the Company or any of its subsidiaries, or any of their respective associates (as defined in the GEM Listing Rules).

The net proceeds from the Placing are estimated to be about HK\$5.1 million, which will be used as the Group's general working capital.

The Board announces that the Company had on 7 March 2005 entered into the Placing Agreements with the Placees, pursuant to which the Company agreed conditionally to issue and allot an aggregate of 200,000,000 Placing Shares to the Placees at a price of HK\$0.026 per Placing Share.

* for identification purpose only

THE PLACING AGREEMENTS DATED 7 MARCH 2005

Parties to the Placing Agreements

(1) The Placing Agreement (I)

Issuer: The Company

Placee: Wealthmost Holdings Limited, which together with its ultimate beneficial owner, Mr. Dang Xinhua, are not connected persons (as defined in the GEM Listing Rules) and are independent of and not connected with the Directors, substantial shareholders, management shareholders and chief executives of the Company or any of its subsidiaries, or any of their respective associates (as defined in the GEM Listing Rules).

As at the date of this announcement, Wealthmost and its beneficial owner do not have any interest in the Shares.

Number of Shares to be placed: 100,000,000 Shares

(2) The Placing Agreement (II)

Issuer: The Company

Placee: Centrix Investments Limited, which together with its ultimate beneficial owner, Mr. Yu Man Yiu, Park, are not connected persons (as defined in the GEM Listing Rules) and are independent of and not connected with the Directors, substantial shareholders, management shareholders and chief executives of the Company or any of its subsidiaries, or any of their respective associates (as defined in the GEM Listing Rules).

As at the date of this announcement, Centrix does not have any interest in the Shares, whilst the beneficial owner of Centrix, through his personal and corporate interests in Good Talent Trading Limited, owns 48,459,360 Shares, representing approximately 4.85% in the issued share capital of the Company prior to the Placing.

Number of Shares to be placed: 100,000,000 Shares

Number of Placing Shares under the Placing Agreements

An aggregate of 200,000,000 Shares, representing 20% of the Company's existing issued share capital and approximately 16.67% of the Company's issued share capital as enlarged by the Placing Shares, will be issued pursuant to the general mandate granted by the Shareholders to the Board at the annual general meeting of the Company held on 3 August 2004. The Board confirms that the Placing is within the scope of such general mandate.

Placing Price

HK\$0.026 per Placing Share:

- (i) represents a discount of approximately 16.1% to the closing price of HK\$0.031 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a discount of approximately 16.1% to the average closing price of HK\$0.031 per Share for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) represents a discount of approximately 13.9% to the average closing price of HK\$0.0302 per Share for the last 10 consecutive trading days up to and including the Last Trading Day.

The aggregate Placing Price for the Placing Shares of HK\$5,200,000 will be paid to the Company upon Completion.

The terms of the Placing Agreements, including the Placing Price, were determined after arm's length negotiations between the Company and the Placees. The Board considers that the terms of the Placing Agreements, including the Placing Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Condition of the Placing

Completion of the Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares being obtained on or before 7 April 2005 (or such later date as may be agreed by the parties to the respective Placing Agreement).

In the event that the Condition is not fulfilled by 7 April 2005 (or such later date as may be agreed by the parties to the respective Placing Agreement in writing), both Placing Agreements will be terminated and the Placees' obligations to subscribe for the Placing Shares shall cease to be of any effect and no party to the Placing Agreements shall have any rights or liabilities in respect thereof to the other party to the Placing Agreements save for any claim which may have arisen prior to such termination.

Completion

Completion of the Placing will take place on or before 10:00 a.m. on the Completion Date.

Rights of the Placing Shares

The Placing Shares, when fully paid and issued, will rank pari passu in all respects amongst themselves and with the existing Shares in issue and be entitled to receive all dividends and other distributions thereafter declared, made or paid.

APPLICATION FOR LISTING

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

SHAREHOLDING OF THE COMPANY

The table below sets out the Company's existing shareholding structure and the shareholding structure after Completion:

Shareholders	As at the date of this Announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Lau Ting (<i>Notes 1 and 2</i>)	608,986,884	60.90%	608,986,884	50.75%
Yu Wing Keung, Dicky (<i>Note 2</i>)	28,100,000	2.81%	28,100,000	2.34%
Chen Aizheng (<i>Notes 2 and 3</i>)	2,640,000	0.26%	2,640,000	0.22%
Ng Man Fai, Matthew (<i>Note 2</i>)	660,000	0.07%	660,000	0.06%
Yu Man Yiu, Park (<i>Notes 4 and 6</i>)	48,459,360	4.85%	48,459,360 (<i>Note 5</i>)	4.04%
Centrix	–	–	100,000,000 (<i>Note 5</i>)	8.33%
Wealthmost	–	–	100,000,000 (<i>Note 7</i>)	8.33%
Other public Shareholders	311,153,756	31.11%	311,153,756 (<i>Note 7</i>)	25.93%
Total	<u>1,000,000,000</u>	<u>100.00%</u>	<u>1,200,000,000</u>	<u>100.00%</u>

Notes:

- 50,288,803 Shares are owned by Ms. Lau Ting personally. 72,951,773 Shares are owned by Mr. Chan Shing, the spouse of Ms. Lau Ting and Ms. Lau Ting is deemed to have a family interest in such Shares. 11,320,192 Shares are held by Hang Sing Overseas Limited ("Hang Sing"), which is owned as to 51% by Orient Strength Limited, a company which is wholly owned by Ms. Lau Ting and Mr. Chan Shing. 10,595,042 Shares are held by Strong Purpose Corporation ("Strong Purpose"), a company which is wholly owned by Ms. Lau Ting and Mr. Chan Shing. 463,831,074 Shares are held by Burwill Holdings Limited, which is owned as to 21.48% by Hang Sing, as to 20.10% by Strong Purpose, as to 2.07% by Ms. Lau Ting and as to 1.24% by Mr. Chan Shing. Pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("the "SFO"), Ms. Lau Ting is deemed to have personal, corporate and family interests in respect of 608,986,884 Shares.

2. Being directors of the Company.
3. 330,000 Shares are owned by the spouse of Mr. Chen Aizheng.
4. Mr. Yu Man Yiu, Park (a) is personally interested in 658,500 Shares; and (b) being the beneficial owner of 35% of the issued share capital of Good Talent Trading Limited, is deemed to be interested in 47,800,860 Shares. Therefore, Mr. Yu Man Yiu, Park is deemed under the SFO to have a personal and corporate interest in respect of 48,459,360 Shares.
5. Mr. Yu Man Yiu, Park (a) is personally interested in 658,500 Shares; (b) being the beneficial owner of 35% of the issued share capital of Good Talent Trading Limited, is deemed to be interested in 47,800,860 Shares and (c) being the sole beneficial owner of the issued share capital of Centrix, is deemed to be interested in 100,000,000 Shares. Therefore, Mr. Yu Man Yiu, Park is deemed under the SFO to have a personal and corporate interest in respect of 148,459,360 Shares.
6. The interest held by the public Shareholders in the Share capital before Placing consist of the interest held by Yu Man Yiu, Park, Good Talent Trading Limited and other public Shareholders.
7. The interest held by the public Shareholders in the Share capital after Placing consist of the interest held by Wealthmost and other public Shareholders.

REASONS FOR THE PLACING AND USE OF NET PROCEEDS

The estimated net proceeds from the Placing are estimated to be about HK\$5.1 million, which will be used as the Group's general working capital.

The Board are of the view that the Placing represents a good opportunity to raise additional funds for the Group's business development purpose and at the same time broaden the Company's shareholder base and strengthen its capital base.

FUND RAISING IN THE PAST TWELVE MONTHS

During the twelve months prior to the date of this announcement, the Company had not carried out any fund raising exercise.

SHARE CONSOLIDATION

At the request of the Stock Exchange and pursuant to Rule 17.76 of the GEM Listing Rules, the Company will effect a consolidation of the Shares within six months after the date of this announcement which consolidation is intended to be approved by the Shareholders at the forthcoming annual general meeting of the Company, provided that no such share consolidation will be effected if the trading price of the Shares shall exceed HK\$0.10 at any time prior to the expiry of such six months period. Further details of the consolidation of the Shares will be published by the Company at the appropriate time.

GENERAL

The Group is principally engaged in the business of providing metal exchange portals for metal trading and ancillary value-chain services and application software development services.

TERMS USED IN THE ANNOUNCEMENT

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Board”	the board of Directors
“Centrix”	Centrix Investments Limited, a company incorporated in British Virgin Islands with limited liability
“Company”	WorldMetal Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the GEM Board of the Stock Exchange
“Completion”	completion of the Placing
“Completion Date”	the 5th business day (i.e. a day on which the Stock Exchange is open for trading) after the receipt of the notice immediately after the delivery of the notice by the Company in respect of the fulfillment of the Condition
“Condition”	the condition set out in the section headed “Condition of the Placing” of this announcement
“Director(s)”	the director(s) of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	4 March 2005, being the last trading day of the Shares prior to the date of this announcement
“Placees”	Wealthmost and Centrix
“Placing”	the placing of the Placing Shares to the Placees pursuant to the Placing Agreements
“Placing Agreement (I)”	the placing agreement dated 7 March 2005 entered into between the Company and Wealthmost in relation to the Placing
“Placing Agreement (II)”	the placing agreement dated 7 March 2005 entered into between the Company and Centrix in relation to the Placing

“Placing Agreements”	the Placing Agreement (I) and the Placing Agreement (II)
“Placing Price”	HK\$0.026 per Placing Share
“Placing Shares”	an aggregate of 200,000,000 new Shares to be subscribed by the Placees pursuant to the Placing Agreements
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wealthmost”	Wealthmost Holdings Limited, a company incorporated in British Virgin Islands with limited liability
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
WorldMetal Holdings Limited
Ng Lai Ping, Grace
Company Secretary

Hong Kong, 7 March 2005

As at the date of this announcement, the Board comprises Ms. Lau Ting, Mr. Yu Wing Keung, Dicky, Mr. Chen Aizheng and Mr. Ng Man Fai, Matthew as executive Directors and Mr. King Roger, Mr. Huang Shenglan and Mr. Li Xiaojun as independent non-executive Directors.

This announcement, 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, the information contained in this announcement is accurate and complete in all material respects and is not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com for at least 7 days from the date of posting.