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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)

MAJOR TRANSACTION

On 8 June 2005, China Lotsynergy Limited (“CLL”), a wholly-owned subsidiary of the Company, Tabcorp International No. 1 Pty Limited (“TI”), a wholly-owned subsidiary of Tabcorp Holdings Limited in Australia, and others entered into the JV Shareholders’ Agreement with the view to bringing certain internationally advanced and developed lottery businesses to the PRC market.

Pursuant to the JV Shareholders’ Agreement, CLL and TI agreed to form a joint venture company namely Tabcorp International Hong Kong Limited (“TIHK”) which is owned as to 33% by CLL and 67% by TI. TIHK is formed 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 issue of lottery is totally directed by PRC government authorities and is a lawful business of public welfare nature. Despite that the PRC lottery market is currently restricted to PRC market players, both the Company and the Tabcorp Group may enter into the market by serving as a system provider. The Company believes the Tabcorp Group is the best business partner in this area because the Tabcorp Group is a well known gaming and entertainment group from Australia which has successful experience in operating a lottery business and possesses the necessary technology and intellectual property. In the meantime, with its in-depth knowledge of the PRC market and extensive market resources, the Company can, together with the Tabcorp Group, facilitate TIHK to develop a nationwide lottery related business in the PRC.

Completion of the JV Shareholders’ Agreement is conditional upon (i) execution of the Cooperation Agreement to be entered into between TIHK and the End User which is not a connected person of the Company; (ii) any necessary regulatory approvals; (iii) approval of the board of directors of TI; (iv) approval of the Shareholders for the JV Shareholders’ Agreement and the transactions contemplated thereunder; and (v) execution of certain ancillary agreements relating to TIHK.

The entering into of the JV Shareholders’ Agreement constitutes a major transaction for the Company and requires Shareholders’ approval under the GEM Listing Rules. Pursuant to Rule 19.44 of the GEM Listing Rules, written approvals have been received from a closely allied group of Shareholders who in aggregate own more than 50% of the issued share capital of the Company as at the date hereof, consenting to the entering of the JV Shareholders’ Agreement. A circular containing relevant information on the JV Shareholders’ Agreement will be despatched to the Shareholders as soon as practicable.

* For identification only

The Directors wish to state that as the transactions under the JV Shareholders' Agreement will not involve the issue of securities of, and a change in control in, the Company, no obligation to make a mandatory offer under the Takeovers Code over the Shares will arise.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 9 June 2005 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on Monday, 13 June 2005.

INTRODUCTION

Reference is made to the announcements of the Company dated 30 and 31 March 2005, 1, 7 and 12 April 2005 and 13 and 19 May 2005 in relation to, among others, the recent business development of the Company.

On 8 June 2005, CLL, a wholly-owned subsidiary of the Company, TI, a wholly-owned subsidiary of Tabcorp Holdings Limited in Australia, and others entered into the JV Shareholders' Agreement with the view to bringing certain internationally advanced and developed lottery businesses to the PRC market.

Pursuant to the JV Shareholders' Agreement, CLL and TI agreed to form a joint venture company namely Tabcorp International Hong Kong Limited which is owned as to 33% by CLL and 67% by TI. TIHK is formed 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 issue of lottery is totally directed by PRC government authorities and is a lawful business of public welfare nature. Despite that the PRC lottery market is currently restricted to PRC market players, both the Company and the Tabcorp Group may enter into the market by serving as a system provider. The Company believes the Tabcorp Group is the best business partner in this area because the Tabcorp Group is a well known gaming and entertainment group from Australia which has successful experience in operating a lottery business and possesses the necessary technology and intellectual property. In the meantime, with its in-depth knowledge of the PRC market and extensive market resources, the Company can, together with the Tabcorp Group, facilitate TIHK to develop a nationwide lottery related business in the PRC.

The Directors (including the independent non-executive Directors) consider that the terms of the JV Shareholders' Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

TI is a wholly-owned subsidiary of Tabcorp Holdings Limited, the shares of which are listed on the Australian Stock Exchange. So far as the Directors are aware, the Tabcorp Group does not have any other joint venture partner nor itself engaging in a similar business with TIHK in the PRC. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, members of the Tabcorp Group are not connected persons of the Company.

THE JV SHAREHOLDERS' AGREEMENT DATED 8 JUNE 2005

The principal terms of the JV Shareholders' Agreement are set out below:

Parties

- (i) CLL, a wholly-owned subsidiary of the Company;
- (ii) TI, a wholly-owned subsidiary of Tabcorp Holdings Limited;
- (iii) TIHK, a joint venture company owned as to 33% by CLL and 67% by TI;
- (iv) the Company, guarantor of CLL; and
- (v) Tabcorp International, guarantor of TI and a wholly-owned subsidiary of Tabcorp Holdings Limited.

Each of Tabcorp International and the Company has agreed to guarantee the obligations of TI and CLL under the JV Shareholders' Agreement respectively.

Capital

The total capital committed by both parties amounts to A\$30,000,000 (or HK\$180,000,000) which has been and will be contributed in the following manner: (i) issued capital of TIHK of A\$1,000 (or HK\$6,000) which was paid-up in cash as to 33% by CLL and 67% by TI; and (ii) at Completion, each of CLL and TI shall contribute by way of equity in cash A\$9,999,670 (or HK\$59,998,020) and A\$19,999,330 (or HK\$119,995,980) respectively. After Completion, the board of TIHK will decide from time to time whether additional capital may be required in the future for the development of TIHK's business. If such additional capital is required, the Company will make further announcement in compliance with the GEM Listing Rules.

The above-mentioned capital commitment by both parties was arrived at after arm's length negotiations between CLL and TI and with reference to the requirement for development of TIHK's business. The Company may finance its funding requirement either by equity or debt including, but not limited to, shareholders' loans and/or bank borrowings. The proportion has not been decided by the Board and will depend on capital market conditions.

Board composition

Under the current shareholding structure of TIHK, the board of directors of TIHK shall comprise no more than six directors where TI is entitled to appoint four directors while CLL is entitled to appoint two directors.

Profit sharing

CLL and TI are entitled to share the net profit and loss of TIHK in proportion to their equity interests therein which is 33% and 67% respectively.

Conditions precedent

Completion of the JV Shareholders' Agreement is conditional upon: (i) execution of the Cooperation Agreement to be entered into between TIHK and the End User which is not a connected person of the Company; (ii) any necessary regulatory approvals; (iii) approval of the board of directors of TI; (iv) approval of the Shareholders for the JV Shareholders' Agreement and the transactions contemplated thereunder; and (v) execution of certain ancillary agreements relating to TIHK.

As at the date hereof, condition (iii) above has been satisfied. As regards condition (iv), written approvals have been received from a closely allied group of Shareholders who in aggregate own more than 50% of the issued share capital of the Company as at the date hereof for approving the JV Shareholders' Agreement. Accordingly, condition (iv) above is deemed to have been satisfied. If any of the above conditions are not satisfied prior to 30 September 2005 or any other date agreed between TI and CLL, any party may, within 10 days after that date, terminate the JV Shareholders' Agreement by written notice to the other party. In the case of termination as aforesaid, the JV Shareholders' Agreement will be considered to be rescinded from the start and of no further effect and no party will have any further obligation to the other parties.

Completion

Completion shall take place within 60 days after all conditions precedent to the JV Shareholders' Agreement have been fulfilled.

FINANCIAL EFFECT OF THE JOINT VENTURE ON THE GROUP

TIHK will be accounted for as an associated company of the Company, the results of which will be equity accounted for in the Company's financial statements.

GEM LISTING RULES

The entering into of the JV Shareholders' Agreement constitutes a major transaction for the Company and requires Shareholders' approval under the GEM Listing Rules. Pursuant to Rule 19.44 of the GEM Listing Rules, written approvals have been received from Ms. Lau Ting, Mr. Chan Shing, Hang Sing Overseas Limited, Strong Purpose Corporation and Burwill Holdings Limited who in aggregate directly and indirectly own 608,986,884 Shares, representing approximately 50.75% of the issued share capital of the Company as at the date hereof for approving the JV Shareholders' Agreement. A circular containing relevant information on the JV Shareholders' Agreement will be despatched to the Shareholders as soon as practicable.

TAKEOVERS CODE IMPLICATIONS

Pursuant to an announcement of the Company dated 30 March 2005, the Company announced that it 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 new substantial Shareholder(s). It was also stated that it was uncertain whether the possible transactions may give rise to an obligation to make a mandatory general offer under the Takeovers Code over the Shares. As the discussions led to the conclusion of the JV Shareholders' Agreement which does not involve any issue of new securities in the Company nor change in control of the Company, no obligation to make a mandatory general offer under the Takeovers Code over the Shares will arise.

GENERAL

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

The Tabcorp Group is a well known gaming and entertainment group and is principally engaged in casino operation, wagering and gaming in Australia.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 9 June 2005 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on Monday, 13 June 2005.

As at the date of this announcement, the Board comprises Ms. Lau Ting, 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.

DEFINITIONS

In this announcement, unless stated otherwise, the following terms shall have the following meanings:

“associates”	has the meaning given to it under the GEM Listing Rules
“Board”	the board of Directors
“CLL”	China Lotsynergy Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Company”	WorldMetal Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the JV Shareholders’ Agreement
“connected person(s)”	has the meaning given to it under the GEM Listing Rules
“Cooperation Agreement”	a cooperation agreement to be entered into between TIHK and the End User
“Directors”	directors of the Company
“End User”	a PRC government authorised organisation for issuance of lottery and operation of a lottery business which shall be a party to the Cooperation Agreement to be entered into with TIHK
“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
“Joint Venture”	the joint venture pursuant to which the Company and the Tabcorp Group have conditionally agreed to co-operate to develop a nationwide lottery related business in the PRC
“JV Shareholders’ Agreement”	the shareholders’ agreement entered into between TI, CLL, TIHK, Tabcorp International and the Company on 8 June 2005 in relation to the Joint Venture
“PRC”	People’s Republic of China
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tabcorp Group”	Tabcorp Holdings Limited and its subsidiaries
“Tabcorp International”	Tabcorp International Pty Limited, a company incorporated in Australia and a wholly-owned subsidiary of Tabcorp Holdings Limited (the issued shares of which are listed on the Australian Stock Exchange)
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“TI”	Tabcorp International No. 1 Pty Limited, a company registered in Victoria, Australia and a wholly-owned subsidiary of Tabcorp Holdings Limited (the issued shares of which are listed on the Australian Stock Exchange)
“TIHK”	Tabcorp International Hong Kong Limited, a company incorporated in the British Virgin Islands and owned as to 67% by TI and 33% by CLL
“A\$”	Australian dollars, the lawful currency of Australia
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board
WorldMetal Holdings Limited
Ng Lai Ping, Grace
Company Secretary

Hong Kong, 10 June 2005

For illustration purpose, all amounts in A\$ have been translated to HK\$ at an exchange rate of A\$1 = HK\$6.

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: – (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.

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