



世界(集團)有限公司
WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 713)

DISCLOSEABLE TRANSACTION: ACQUISITION OF LAND USE RIGHT

An investment agreement dated 20th August 2005 (the "Agreement") had been entered into between the Vendor and the Purchaser, a wholly owned subsidiary of the Company in which, inter alia, the Vendor agreed to sell and the Purchaser agreed to purchase the Land Use Right at a consideration of RMB13,000,000 (equivalent to approximately HK\$12,500,000).

Purchase of the Land Use Right constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, it is subject to disclosure requirements as set out in Chapter 14 of the Listing Rules.

The Company will send a circular containing, among other things, details of the purchase of the Land Use Right to its shareholders as soon as practicable.

THE AGREEMENT

Date

20th August 2005

Parties

- (a) The Vendor; and
(b) The Purchaser

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Land Use Right.

The Land Use Right

It is a piece of land (adjacent to the two separate Land Use Rights previously acquired on 19th April 2004 and 12th May 2004 respectively) located in Chong Bian Village, Sha Xi Town, Zhongshan City, Guangdong Province, the PRC (中國廣東省中山市沙溪鎮涌邊村) with a total site area of approximately 66,667 square meters for industrial purpose and at present, no building is constructed on it.

The Land Use Right has a tenor of 50 years from the issue of land use right certificate.

The Pre-Conditions

The completion of the Agreement is subject to the following conditions:

- (a) As the site is the undeveloped land, the Vendor shall at its own cost complete the site formation work, water and electricity supplies work and drainage work as well as the extension of road facilities work (the Purchaser shall complete all other utilities work necessary for production at its own cost) which is expected to be completed on or before the end of year 2005;
- (b) The Vendor shall at its own cost obtain the formal land use right certificate of the Land Use Right for the Purchaser; and
- (c) The Purchaser shall pay the consideration in the sum of RMB13,000,000 (equivalent to approximately HK\$12,500,000).

Consideration

The consideration shall be satisfied by cash and paid by the Purchaser to the Vendor in the following manner:

- (a) An initial deposit of RMB5,500,000 (equivalent to approximately HK\$5,288,462) will be payable within thirty days by the Purchaser upon execution of the Agreement;
- (b) A further deposit of RMB6,200,000 (equivalent to approximately HK\$5,961,538) will be payable by the Purchaser upon the receipt by the Vendor of the demand note for the payment of land use right certificate (a minimal sum to be paid by the Purchaser) issued by the National Land Bureau (國土局); and
- (c) The remaining balance will be fully payable within fifteen days upon the completion of the site formation work, water and electricity supplies work, drainage work and the extension of road facilities work by the Vendor as well as the issue of formal land use right certificate of the Land Use Right by the National Land Bureau.

If the land use right certificate cannot be obtained, the Vendor shall return to the Purchaser forthwith all deposits already paid. In addition, if the conditions as set out above are not fulfilled by either party, the defaulting party shall only be liable to pay to the other party the penalty in the sum of RMB1,000,000 (equivalent to approximately HK\$961,538) for the breach of the Agreement taking into an account that the Purchaser is the major investor to invest in Chong Bian Village, Sha Xi Town, Zhongshan City, Guangdong Province, the PRC and the Vendor wishes to offer favourable terms and conditions to attract business investment, particularly in the industrial development.

In order to expedite the process of obtaining the formal land use right certificate and the investment plans so that the construction of production plant for the Group's development in the business of recycling and reborn resources would not be hindered and delayed, the Board considers the terms of the Agreement is fair and reasonable and is in the interests of the Group and the Shareholders as a whole. The consideration is arrived at after an arm's length negotiation between the Vendor and the Purchaser based on normal commercial terms by reference to the average prices of similar industrial land in the neighbouring area and the prevailing market value of similar industrial lands in Guangdong Province. The consideration will be funded by internal resources of the Group.

INFORMATION OF THE VENDOR

To the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is Sha Xi Town, Zhongshan City Municipal People's Government (中山市沙溪鎮人民政府). The Vendor and its ultimate beneficial owners are third parties independent of the Company and not connected persons of the Company as defined in the Listing Rules.

REASONS FOR THE ACQUISITION OF THE LAND USE RIGHT

The Purchaser is a wholly owned subsidiary of the Company. The Purchaser is engaged in trading of household products and its principal place of business is located in Hong Kong. In view of the

lifting of the quota system in 2005, there will be an anticipated increase in demand for the Group's fabric household products. In order to reduce the Group's production costs, the Company intends to use the Land Use Right (adjacent to the two separate Land Use Rights previously acquired on 19th April 2004 and 12th May 2004 respectively with the total site area of approximately 148,001 square meters and the total consideration prices of RMB28,860,000 (equivalent to approximately HK\$27,750,000)) acquired under the Agreement for the construction of a production plant. Upon the commencement of the production, the total expected production capacity is approximately 15,000 tons per annum in which approximately 50% will be used for the production of the Group's household products and any surplus materials not used by the Group will be sold to third parties. The development in the business of recycling and reborn resources materials will be used for the Group's household products and the adoption of recycled and reborn resources materials can save approximately 10% to the Group's total manufacturing cost (any unused materials to be sold to independent third parties) so as to increase the Group's core business operating profit as well as to achieve cost control effectiveness. The construction of the production plant will commence before the end of year 2005 and the expected commencement date of the commercial operations will be around June 2006. The capital expenditure for the new investment is expected to be RMB30,000,000 (equivalent to approximately HK\$28,846,154), inclusive of the purchase price of the land use right.

GENERAL

The Group is principally engaged in the design, manufacture, and marketing of PVC and fabric household products and PVC pipes and fittings.

The purchase of the Land Use Right constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

A circular containing, among other things, details of the purchase of the Land Use Right will be dispatched to the Shareholders of the Company as soon as practicable.

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"Agreement"	the investment agreement (投資協議) in relation to the sale and purchase of the Land Use Right dated 20th August 2005 entered into between the Vendor and the Purchaser
"Board"	the board of Directors
"Company"	World Houseware (Holdings) Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
"Directors"	the directors of the Company from time to time
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Land Use Right"	a piece of land in Chong Bian Village, Sha Xi Town, Zhongshan City, Guangdong Province, the PRC (中國廣東省中山市沙溪鎮涌邊村)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China
"Purchaser"	World Houseware Producing Company Limited, a wholly owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Sha Xi Town, Zhongshan City Municipal People's Government (中山市沙溪鎮人民政府), the Vendor of the Agreement

For the purpose of illustration only and unless otherwise stated, the conversion of HK\$ into RMB is based on the exchange rate of HK\$100 to RMB104. Such conversion should be construed as a representation that the amount in question has been, could have been or could be exchanged at such rates.

By Order of the Board
Lee Tat Hing
Chairman and Managing Director

Hong Kong, 22nd August 2005

As at the date of this announcement, the executive directors of the Company are Mr. Lee Tat Hing, Ms. Fung Mei Po, Mr. Lee Chun Sing, Ms. Lai Lai Wah and Mr. Lee Pak Tung; the non-executive director of the Company is Mr. Cheung Tze Man, Edward; the independent non-executive directors of the Company are Mr. Wong Kong Chi, Mr. Hui Chi Kuen, Thomas and Mr. Ho Tak Kay.