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WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 713)

DISCLOSEABLE TRANSACTION: ACQUISITION OF LAND USE RIGHTS

An investment agreement dated 8th April 2004 (the “First Agreement”) had been entered into between the Vendor and the First Purchaser, a wholly owned subsidiary of the Company in which, inter alia, the Vendor agreed to sell and the First Purchaser agreed to purchase the First Land Use Right at a consideration of RMB13,000,000 (equivalent to approximately HK\$12,264,151).

An investment agreement dated 12th May 2004 (“the Second Agreement”) had been entered into between the Vendor and the Second Purchaser, another wholly owned subsidiary of the Company in which, inter alia, the Vendor agreed to sell and the Second Purchaser agreed to purchase the Second Land Use Right at a consideration of RMB15,860,000 (equivalent to approximately HK\$14,962,264).

Due to the adoption of the macroeconomic adjustment policy of PRC the Vendor was not certain whether it could obtain the First Land Use Right and the Second Land Use Right from the National Land Bureau of PRC. As a result, the execution of the First and Second Agreement cannot be enforced and two Supplemental Agreements to the First Agreement and the Second Agreement were respectively made on 19th April 2004 and 12th May 2004 to vary the terms of the First Agreement and the Second Agreement pending the grant of formal land use right certificates. As the formal land use right certificate of the First Land Use Right and the Second Land Use Right were later obtained on 29th October 2004, the First Agreement and the Second Agreement are then reactivated and in full force.

Purchases of the First Land Use Right and the Second Land Use Right constitute discloseable transactions of the Company under the Listing Rules. Accordingly, they are subject to disclosure requirements as set out in Chapter 14 of the Listing Rules.

As the First and Second Agreement were respectively made on 8th April 2004 and 12th May 2004, there has been a delay in the publication of the announcements. Failure to release the announcements at the relevant times constitutes a technical breach of the disclosure requirements as set out in Chapter 14 of the Listing Rules. The Stock Exchange reserves its right to take appropriate action against the Company and/or the Directors in this regard.

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

THE FIRST AGREEMENT

Date

8th April 2004

Parties

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

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

The First Land Use Right

It is a piece of land (adjacent to the Second Land Use Right acquired under the Second Agreement) 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 First Land Use Right has a tenor of 50 years from the issue of land use right certificate.

The Pre-Conditions

The completion of the First 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 which is expected to be completed on or before the end of year 2004;
- (b) The Vendor shall at its own cost obtain the formal land use right certificate of the First Land Use Right for the First Purchaser; and
- (c) The First Purchaser shall pay the consideration in the sum of RMB13,000,000 (equivalent to approximately HK\$12,264,151).

Consideration

The consideration shall be paid by the First Purchaser to the Vendor in the following manner:

- (a) An initial deposit of RMB5,200,000 (equivalent to approximately HK\$4,905,660) was paid within thirty days by the First Purchaser upon execution of the First Agreement;
- (b) A further deposit of RMB3,900,000 (equivalent to approximately HK\$3,679,245) will be payable within thirty days by the First Purchaser upon the completion of the site formation work, water and electricity supplies work and drainage work as well as the extension of road facilities work by the Vendor; and
- (c) The remaining balance will be fully payable within fifteen days after the formal land use right certificate of the First Land Use Right is obtained.

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\$943,396) for the breach of the First Agreement taking into an account that the First 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.

The consideration is arrived at after an arm's length negotiation between the Vendor and the First Purchaser based on normal commercial terms. The Board considers the terms of the First Agreement is fair and reasonable and is in the interests of the Group and the Shareholders as a whole 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.

SUPPLEMENTAL AGREEMENT TO THE FIRST AGREEMENT

Soon after the First Agreement was entered and no deposit and payment were paid, the PRC government has adopted the macroeconomic adjustment policy in which the National Land Bureau (國土局) had restricted the criteria of the granting of the land use right certificate and the Vendor was not certain whether the land use right certificate could be obtained. As a result, the First Agreement could not be enforced and a Supplemental Agreement to the First Agreement was entered.

Date

19th April 2004

Parties

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

Terms and Conditions

1. In order to enable the Vendor to expedite the process of obtaining the formal land use right certificate from National Land Bureau and the other government departments the First Purchaser had paid to the Vendor an initial deposit of RMB12,798,000 (equivalent to approximately HK\$12,073,585) and the remaining balance of RMB202,000 (equivalent to approximately HK\$190,566) will be payable within thirty days by the First Purchaser upon the completion of the site formation work, water and electricity supplies work and drainage work as well as the extension of road facilities work by the Vendor.
2. If the Vendor cannot obtain the formal land use right certificate due to the macroeconomic adjustment of PRC, all deposits paid by the First Purchaser shall be returned to the First Purchaser without any interest or compensation, all terms and conditions of the First Agreement and the Supplemental Agreement shall be void and null and neither party shall take any further action against the other taking into an account that the First 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.
3. If the Vendor can obtain the formal land use right certificate to the First Agreement, all terms and conditions as previously agreed in the First Agreement and the Supplemental Agreement shall be reactivated and in full force and all payment terms shall be made in accordance with the Supplemental Agreement to the First Agreement.

4. Any dispute, ambiguity or interpretation of the contents of the Supplemental Agreement shall be construed under the law and jurisdiction of PRC.

The Board considers the above terms and conditions of the Supplemental Agreement to the First Agreement is fair and reasonable and is in the interests of the Group and the Shareholders as a whole in that the recycled and reborn resources business could improve the Group's operating profits and achieve cost control effectiveness and the investment plans and the construction of production plants for the Group's development in the business of recycling and reborn resources would not be hindered and delayed. Meanwhile, according to the Supplemental Agreement to the First Agreement, if the formal land use right certificate cannot be obtained, all deposits paid will be fully refundable to the First Purchaser.

As the Vendor has obtained the formal land use right certificate (in name of the First Purchaser's wholly owned subsidiary company namely South China Reborn Resources (Zhongshan) Company Limited) of the First Land Use Right for the First Purchaser on 29th October 2004, the First Agreement and the Supplemental Agreement to the First Agreement are then reactivated and in full force.

THE SECOND AGREEMENT

Date

12th May 2004

Parties

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

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

The Second Land Use Right

It is a piece of land (adjacent to the First Land Use Right acquired under the First Agreement) 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 81,334 square meters for industrial purpose and at present, no building is constructed on it.

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

The Pre-Conditions

The completion of the Second 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 and the extension of road facilities work which is expected to be completed on or before the end of year 2004;
- (b) The Vendor shall at its own cost obtain the formal land use right certificate of the Second Land Use Right for the Second Purchaser; and
- (c) The Second Purchaser shall pay the consideration in the sum of RMB15,860,000 (equivalent to approximately HK\$14,962,264).

Consideration

The consideration shall be paid by the Second Purchaser to the Vendor in the following manner:

- (a) An initial deposit of RMB4,758,000 (equivalent to approximately HK\$4,488,679) was paid within thirty days by the Second Purchaser upon execution of the Second Agreement;
- (b) A further deposit of RMB4,758,000 (equivalent to approximately HK\$4,488,679) will be payable within thirty days by the Second Purchaser after the formal land use right certificate of the Second Land Use Right is obtained; and
- (c) The remaining balance of RMB6,344,000 (equivalent to approximately HK\$5,984,906) will be fully payable by the Second Purchaser to the Vendor by two instalments: the first instalment will be paid within thirty days after the completion of the site formation work, water and electricity supplies work, drainage work; the second instalment will be paid within ninety days after the completion of the extension of road facilities work by the Vendor.

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\$943,396) for the breach of the Second Agreement taking into an account that the Second 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.

The consideration is arrived at after an arm's length negotiation between the Vendor and the Second Purchaser based on normal commercial terms. The Board considers the terms of the Second Agreement is fair and reasonable and is in the interests of the Group and the Shareholders as a whole 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.

SUPPLEMENTAL AGREEMENT TO THE SECOND AGREEMENT

After the Second Agreement was entered and no deposit and payment were paid, the PRC government has adopted the macroeconomic adjustment policy in which the National Land Bureau (國土局) had restricted the criteria of the granting of the land use right certificate and the Vendor was not certain whether the land use right certificate could be obtained. As a result, the Second Agreement could not be enforced and a Supplemental Agreement to the Second Agreement was entered.

Date

12th May 2004

Parties

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

Terms and Conditions

1. In order to enable the Vendor to expedite the process of obtaining the formal land use right certificate from National Land Bureau and the other government departments the Second Purchaser had paid to the Vendor an initial deposit of RMB12,805,787.76 (equivalent to approximately HK\$12,080,932) and the remaining balance of RMB3,054,212.24 (equivalent to approximately HK\$2,881,332) will be payable within thirty days by the Second Purchaser upon the completion of the site formation work, water and electricity supplies work and drainage work as well as the extension of road facilities work by the Vendor.
2. If the Vendor cannot obtain the formal land use right certificate due to the macroeconomic adjustment of PRC, all deposits paid by the Second Purchaser shall be returned to the Second Purchaser without any interest or compensation, all terms and conditions of the Second Agreement and the Supplemental Agreement shall be void and null and neither party shall take any further action against to other taking into an account that the Second 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.
3. If the Vendor can obtain the formal land use right certificate to the Second Agreement, all terms and conditions as previously agreed in the Second Agreement and the Supplemental Agreement shall be reactivated and in full force and all payment terms shall be made in accordance with the Supplemental Agreement to the Second Agreement.
4. Any dispute, ambiguity or interpretation of the contents of the Supplemental Agreement shall be construed under the law and jurisdiction of PRC.

The Board considers the above the terms and conditions of the Supplemental Agreement to the Second Agreement is fair and reasonable and is in the interests of the Group and the Shareholders as a whole in that the recycled and reborn resources business could improve the Group's operating profits and achieve cost control effectiveness and the investment plans and the construction of production plants for the Group's development in the business of recycling and reborn resources would not be hindered and delayed. Meanwhile, according to the Supplemental Agreement to the Second Agreement, if the formal land use right certificate cannot be obtained, all deposits paid will be fully refundable to the Second Purchaser.

As the Vendor has obtained the formal land use right certificate (in name of the Second Purchaser's wholly owned subsidiary company namely Fundbor Textiles (Zhongshan) Company Limited) of the Second Land Use Right for the Second Purchaser on 29th October 2004, the Second Agreement and the Supplemental Agreement to the Second Agreement are then reactivated and in full force.

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 (中山市沙溪镇人民政府). 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 FIRST LAND USE RIGHT AND THE ACQUISITION OF THE SECOND LAND USE RIGHT

Both the First Purchaser and the Second Purchaser are wholly owned subsidiaries of the Company. The First Purchaser is engaged in trading of household products and its principal place of business is located in Hong Kong. The Second Purchaser is engaged in trading of printing and packing materials, PVC products and plastic products and polyester fibres and its principal place of business is located in Hong Kong. In view of lifting 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 First Land Use Right and the Second Land Use Right (adjacent to each other) acquired under the First Agreement and the Second Agreement collectively for the construction of two separate production plants. Upon the commencement of the production, the total expected production capacity is approximately 30,000 tons per annum in which approximately 50% will be used for the production of the Group's household products. 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 plants will commence before the end of year 2004. The capital expenditure for the new investment is expected to be RMB60,000,000 (equivalent to approximately HK\$56,603,774), inclusive of the purchase price of the land use rights.

GENERAL

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

The purchases of the First Land Use Right and the Second Land Use Right taken together 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.

As the First and Second Agreement were respectively made on 8th April 2004 and 12th May 2004, there has been a delay in the publication of the announcements. Failure to release the announcements at the relevant times constitutes a technical breach of the disclosure requirements as set out in Chapter 14 of the Listing Rules. The Stock Exchange reserves its right to take appropriate action against the Company and/or the Directors in this regard.

A circular containing, among other things, details of the purchase of the First Land Use Right and the Second 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:

“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

“First Agreement”	the investment agreement (投資協議) in relation to the sale and purchase of the First Land Use Right dated 8th April 2004 entered into between the Vendor and the First Purchaser
“First 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)
“First Purchaser”	World Houseware Producing Company Limited, a wholly owned subsidiary of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Agreement”	the investment agreement (投資協議) in relation to the sale and purchase of the Second Land Use Right dated 12th May 2004 entered into between the Vendor and the Second Purchaser
“Second 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)
“Second Purchaser”	Fundbor Industries Limited, a wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement to the First Agreement”	the Supplemental Agreement to the First Agreement dated 19th April 2004 entered into between the Vendor and the First Purchaser
“Supplemental Agreement to the Second Agreement”	the Supplemental Agreement to the Second Agreement dated 12th May 2004 entered into between the Vendor and the Second Purchaser
“Vendor”	Sha Xi Town, Zhongshan City Municipal People’s Government (中山市沙溪鎮人民政府), the Vendor of the First and Second 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 RMB106. 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, 24th November 2004

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, Mr. Wat Kwing Cheung 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.

Please also refer to the published version of this announcement in the China Daily.