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If you have sold or transferred all your shares in World Houseware (Holdings) Limited, you should at once hand this circular, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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**

15th December 2004

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DEFINITIONS

In this circular, 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
“Latest Practicable Date”	13th December 2004 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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

DEFINITIONS

“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.

LETTER FROM THE BOARD



WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 713)

Executive Directors:

Mr. Lee Tat Hing (*Chairman and Managing Director*)
Ms. Fung Mei Po (*Vice Chairperson*)
Mr. Lee Chun Sing (*Vice Chairman*)
Ms. Lai Lai Wah
Mr. Lee Pak Tung
Mr. Wat Kwing Cheung, Alexander

Registered office:

P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Non-executive Director:

Mr. Cheung Tze Man, Edward

*Head office and principal place of
business in Hong Kong:*

Independent Non-executive Directors:

Mr. Wong Kong Chi
Mr. Hui Chi Kuen, Thomas
Mr. Ho Tak Kay

Flat C, 18th Floor
Bold Win Industrial Building
16-18 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

15th December 2004

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHTS

1. INTRODUCTION

By an announcement dated 24th November 2004, the Company announced that 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). In the same announcement the Company also

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announced that another investment agreement dated 12th May 2004 (“the Second Agreement”) had also 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.

As the aggregate value of the consideration for the Acquisition of the First Land Use Right and the Second Land Use Right represent more than 5% of the total market capitalization of the Group, the Acquisition of the First Land Use Right and the Second Land Use Right constitute a discloseable transaction of the Company 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 and this circular. Failure to release the announcements and the circular 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 purpose of this circular is to give you further details of the Acquisition of the First Land Use Right and the Second Land Use Right and other information prescribed by the Listing Rules.

2. THE FIRST AGREEMENT

Date

8th April 2004

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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 (currently, the works are still in progress);
- (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) shall be paid within thirty days by the First Purchaser upon execution of the First Agreement;

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- (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.

3. THE SUPPLEMENTAL AGREEMENT TO THE FIRST AGREEMENT

Soon after the First Agreement was entered and before the 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

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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 in which case 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 save and except that 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 refunded 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

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(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.

4. 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 (currently, the works are still in progress);
- (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).

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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) shall be 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.

5. THE SUPPLEMENTAL AGREEMENT TO THE SECOND AGREEMENT

After the Second Agreement was entered and before the 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.

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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 in which case 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 the 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 save and except that 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.

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The Board considers the above 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 refunded 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.

6. INFORMATION OF THE VENDOR

To the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company as defined in the Listing Rules.

7. 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 and plastic products and polyester fibres 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 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

LETTER FROM THE BOARD

commence before the end of year 2004 (currently, the construction works are not yet commenced). 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 in the sum of RMB28,860,000 (equivalent to approximately HK\$27,226,415; buildings construction in the sum of approximately RMB10,000,000 (equivalent to approximately HK\$9,433,962) and plants, machineries and equipment in the sum of approximately RMB21,140,000 (equivalent to approximately HK\$19,943,397).

As the new investment is still in an initial stage, the Directors consider that the Acquisition of the First Land Use Right and the Second Land Use Right will not have material effects on the earnings and assets and liabilities of the Group.

8. GENERAL

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

Your attention is drawn to the appendix to this circular which contains certain additional information in relation to the Company.

Yours faithfully,
For and on behalf of the Board
Lee Tat Hing
Chairman and Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading in any material respect;
- (b) there are no matters the omission of which would make any statement in this circular misleading in any material respect; and
- (c) 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.

2. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the directors, chief executive and their respective associates in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of director	Number of shares		
	Personal interests	Corporate interests	Other interests
Lee Tat Hing	1,756,072	28,712,551 (a)	280,895,630 (b)
Fung Mei Po	37,395,087	—	280,895,630 (b)
Lee Chun Sing	21,815,830	—	280,895,630 (b)
Lai Lai Wah	240,000	—	—
Lee Pak Tung	2,766,448	—	—
Wat Kwing Cheung, Alexander	228,000	—	—
Hui Chi Kuen, Thomas	100,000	—	—

Notes:

- (a) The shares are held by Lees International Investments Limited, a company beneficially owned by Mr. Lee Tat Hing.
- (b) The shares are held by Goldhill Profits Limited which is wholly owned by a discretionary trust of which Messrs. Lee Tat Hing and Lee Chun Sing and Madam Fung Mei Po are discretionary objects.

As at the Latest Practicable Date, the following directors had personal interests in the deferred non-voting shares of certain subsidiaries of the Company:

Name of director	Name of subsidiary	Number of deferred non-voting shares held
Lee Tat Hing	World Houseware Producing Company Limited	1,555
Fung Mei Po	World Home Linen Manufacturing Company Limited	100
Lee Pak Tung	World Houseware Producing Company Limited	50
	Hong Kong PVC Placemat Manufacturing Company Limited	25,000
Wat Kwing Cheung, Alexander	Hong Kong PVC Placemat Manufacturing Company Limited	75,000
	World Houseware Producing (China) Company Limited	500,000

The deferred shares do not carry any rights to vote at general meetings of these subsidiaries or to participate in any distributions of profits until the net profits of these subsidiaries which are available for dividend exceed HK\$10 billion, or to receive a return of capital until a total sum of HK\$10 billion has been distributed to the ordinary shareholders of each of these subsidiaries.

As at the Latest Practicable Date, save as aforesaid and other than certain nominee shares in subsidiaries held by directors in trust for the Group, none of the directors or their associates had any interests in the shares or any securities of the Company and its associated corporations.

Substantial Shareholders

As at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO that, other than the interests in shares disclosed above in respect of the directors of the Company, the Company has not been notified of any other interests representing 5 percent or more of the Company's issued share capital as at the Latest Practicable Date.

Save as disclosed in this circular, the directors and chief executive of the Company are not aware of any other person who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Share Options and Directors' Rights to Acquire Shares or Debentures

As at the Latest Practicable Date, the following options were granted to the directors of the Company and employees of the Group to subscribe for shares in the Company.

	Date of grant	Exercisable period	Exercise price HK\$	Number of share options outstanding
Directors:				
Lee Tat Hing	19.2.2000	19.8.2000 — 18.2.2005	0.32	860,000
Fung Mei Po	19.2.2000	19.8.2000 — 18.2.2005	0.32	800,000
Lee Chun Sing	19.2.2000	19.8.2000 — 18.2.2005	0.32	800,000
Lai Lai Wah	19.2.2000	19.8.2000 — 18.2.2005	0.32	500,000
				<u>2,960,000</u>
Employees	19.2.2000	19.8.2000 — 18.2.2005	0.32	<u>1,500,000</u>
				<u><u>4,460,000</u></u>

Save as disclosed in this circular, as at the Latest Practicable Date, none of the directors and chief executive of the Company and their respective associates had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 31st December 2003, the date to which the latest published audited consolidated financial statements of the Group were made up.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his or her respective associates was considered to have an interest in a business which competes or is likely to compete, enter directly or indirectly, with the business of the Group other than those business to which the Directors and his or her associates who appointed to represent the interests of the Company and/or the Group.

5. SERVICE CONTRACTS

No Director has entered into a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

6. LITIGATION

Neither any litigation nor arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

7. MISCELLANEOUS

- (a) The Qualified Accountant and Secretary of the Company is Mr. Choi Kwok Keung, Sanvic, CPA.

- (b) The Company's Hong Kong branch share register and transfer office is Secretaries Limited, which is situated at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (c) The circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.
- (d) No member of the Group has entered into any material contracts (not being contracts entered into in the ordinary course of business) for the last two years immediately the Latest Practicable Date.