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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**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 RIGHT**

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## DEFINITIONS

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*In this circular, 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)
“Latest Practicable Date”	7th September 2005 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
“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

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sha Xi Town, Zhongshan City Municipal People’s Government (中山市沙溪镇人民政府), 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.*

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## LETTER FROM THE BOARD

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# WORLD HOUSEWARE (HOLDINGS) LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code : 713)

*Executive Directors:*

Mr. Lee Tat Hing (*Chairman*)  
Ms. Fung Mei Po (*Vice Chairperson and  
Chief Executive Officer*)  
Mr. Lee Chun Sing (*Vice Chairman*)  
Ms. Lai Lai Wah  
Mr. Lee Pak Tung  
Mr. Kwong Bau To  
Mr. Choi Kwok Keung Sanvic  
Ms. Chan Lai Kuen Anita

*Non-executive Director:*

Mr. Cheung Tze Man Edward

*Independent Non-executive Directors:*

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

*Registered office:*

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

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

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

9th September 2005

*To the Shareholders*

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHT**

#### **1. INTRODUCTION**

By an announcement dated 22nd August 2005, the Company announced that 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

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## LETTER FROM THE BOARD

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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).

As the aggregate value of the consideration for the Acquisition of Land Use Right represent more than 5% of the total market capitalization of the Group, the Acquisition of Land Use Right constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you further details of the Acquisition of Land Use Right and other information prescribed by the Listing Rules.

### 2. 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

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## LETTER FROM THE BOARD

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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 (without any interest) already paid. In additions, 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,

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## LETTER FROM THE BOARD

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the Board considers the terms and the consideration of the Agreement are 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.

### **3. INFORMATION OF THE VENDOR**

To the best of 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 not connected persons of the Company as defined in the Listing Rules.

### **4. 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.

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



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## LETTER FROM THE BOARD

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### 5. 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*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 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	—	—
Hui Chi Kuen Thomas	100,000	—	—
Kwong Bau To	1,087,103	—	—
Chan Lai Kuen Anita	2,623	—	—

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:

<b>Name of director</b>	<b>Name of subsidiary</b>	<b>Number of deferred non-voting shares held</b>
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

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 or short positions 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 shows 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, 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. DIRECTORS' INTEREST IN CONTRACTS**

- (a) As at the Latest Practicable Date, no Director was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group taken as a whole.
- (b) Since the date to which the latest published audited financial statements of the Group were made up, none of the Directors has had any direct or indirect interest in any assets acquired or disposed of or leased to or proposed to be acquired or disposed of by any member of the Group.

**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, AHKICPA.
- (b) The Company's Hong Kong branch share register and transfer office is Secretaries Limited, which is situated at Ground Floor, 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.