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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 PROPERTIES

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DEFINITIONS

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

“Acquisition”	the acquisition of the Properties by the Group pursuant to the Agreement
“Agreement”	the acquisition agreement “購房協議書” being a letter of intent in relation to sale and purchase of the Properties dated 3rd September 2004 and 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
“Latest Practicable Date”	24th 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
“Properties”	Flats A-D, 9/F., Tower 5; Flats A-C, 9/F., Tower 6; Flats A-C, 9/F., Tower 7; and Flats A-D, 9/F., Tower 8, of Kingon Beautiful Garden (金翠 • 香詩美林花園), Zhu Lin Si Road, Futian District, Shenzhen, Guangdong, the PRC
“Purchaser”	World Plastic Mat (Baoan) Company Limited, a wholly foreign owned enterprise established in the PRC which is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Vendor” Shenzhen Kingon Real Estate Company Limited (深圳市金眾房地產有限公司), a company incorporated in the PRC

“RMB” Renminbi, the lawful currency of the PRC

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

29th December 2004

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTIES

1. INTRODUCTION

By an announcement dated 8th September 2004 of the Company, the acquisition agreement (購房協議書) for the sale and purchase of the Properties dated 3rd September 2004 had been entered into between the Vendor and the Purchaser, a wholly-owned subsidiary of the Company, to acquire the Properties as dormitory for its staff and

LETTER FROM THE BOARD

management of the Group. By a further announcement dated 15th December 2004, the agreement for sale and purchase of the Properties (購房認購書) and the formal Agreement for Sale and Purchase of the Properties (房地產買賣合同) had been entered into between the Purchaser and the Vendor at the same time on 9th December 2004 and the remaining balance of the consideration had also been paid to the Vendor to acquire the Properties at an aggregate consideration of RMB10,089,580.50 (equivalent to approximately HK\$9,518,472).

As the consideration for the Acquisition of the Properties represents more than 5% of the total market capitalization of the Group, the Acquisition of the Properties 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 the Properties and other information prescribed by the Listing Rules.

2. THE AGREEMENT

Date

3rd September 2004

Parties

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, 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).

Subject matter of the Agreement

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Properties subject to the following terms:

- (a) The Vendor and the Purchaser shall enter into an agreement for the sale and purchase of the Properties (購房認購書) after obtaining the pre-sale permit (預售許可証); and
- (b) The Vendor and the Purchaser shall enter into a formal Agreement for Sale and Purchase of the Properties (房地產買賣合同) upon the payment of the remaining balance of the consideration.

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Properties

The properties are uncompleted residential building and are still in the stage of construction which are expected to be completed in or around June 2005. The total saleable area of the Properties is approximately 1,511.07 square meters.

Consideration

The consideration for the Acquisition is RMB10,089,580.50 (equivalent to approximately HK\$9,518,472) which had been paid by the Purchaser to the Vendor in the following manner:

- (a) A deposit of RMB280,000 (equivalent to approximately HK\$264,151) had been paid on 3rd September 2004 by the Purchaser; and
- (b) The remaining balance of RMB9,809,580.50 (equivalent to approximately HK\$9,254,321) had also been paid on 9th December 2004 after the issuance of formal notice of completion and signing of formal Agreement for Sale and Purchase by the Vendor.

The consideration is arrived at after an arm's length negotiation between the Vendor and the Purchaser. Given the prevailing market condition, the Board considers the terms of the Agreement are fair and reasonable by reference to the comparable market value of similar properties at the nearby location in Shenzhen City, Guangdong, the PRC, and in the interests of the Group and its shareholders as a whole. The consideration had been fully funded by internal resources of the Group.

3. INFORMATION OF THE VENDOR

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a company incorporated in the PRC and whose principal business activity is real estate development.

4. REASONS FOR THE ACQUISITION

The Purchaser is engaged in the manufacturing of household products and its place of business is located in Longgang District, Shenzhen, Guangdong, the PRC. The Properties will be provided to its staff, management and the management of the Group as dormitory.

The Directors considered that the Acquisition will benefit the Group as it will not only save the Group's housing allowance and hotel expenses, but also will enable the Group to attract and retain high-quality management and staff by the provision of comfortable and stable living condition for them.

LETTER FROM THE BOARD

The Directors consider that the Acquisition of the Properties will not have material effects on the earnings and assets and liabilities of the Group.

5. GENERAL

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

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements under Chapter 14 of the Listing Rules.

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
				2,960,000
Employees	19.2.2000	19.8.2000 — 18.2.2005	0.32	1,500,000
				4,460,000

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 preceding the Latest Practicable Date.