
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 713)

DISCLOSEABLE TRANSACTION

RESUMPTION OF LAND

18 January 2007

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
Details of the Formal Agreement	4
Financial Effects on the Resumption of the Land of the Company	6
Reasons for the Resumption of the Land	7
Use of the Proceeds from the Resumption of the Land	7
Information of Party A and the Company	7
General	7
Appendix — General Information	8

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
“Formal Agreement”	the formal agreement dated 28 December 2006 and entered into between Party A and Party B for the resumption of the Land from Party A by the National Land Bureau (國土資源和房產管理局) for use by Party B
“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”	including the land and buildings erected thereon at No.G05701-4 Zongdi, Shansha Village, Pinghu Street, Longgang District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍崗區平湖街道山廈村G05701-4號宗地)
“Latest Practicable Date”	16 January 2007 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
“Party A”	World Houseware Producing Company Limited, a company incorporated in Hong Kong which is a wholly owned subsidiary of the Company
“Party B”	Guangshen Railway Company Limited (廣深鐵路股份有限公司), an independent third party of the Company and listed in Hong Kong, is mainly engaged in railway passenger and freight transportation between Guangzhou and Shenzhen and certain long-distance passenger transportation services

DEFINITIONS

“PRC”	People’s Republic of China
“Resumption of the Land”	the resumption of the Land from Party A by the National Land Bureau (國土資源和房產管理局) for use by Party B pursuant to the Formal Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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 RMB100.70. 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)
Madam Fung Mei Po (Vice Chairperson and
Chief Executive Officer)
Mr. Lee Chun Sing (Vice Chairman)
Madam Lai Lai Wah
Mr. Lee Pak Tung
Mr. Kwong Bau To
Mr. Choi Kwok Keung Sanvic
Madam Chan Lai Kuen Anita

Non-executive Director:

Mr. Cheung Tze Man Edward

Independent Non-executive Directors:

Mr. Hui Chi Kuen Thomas
Mr. Ho Tak Kay
Mr. Tang King Hung

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

18 January 2007

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION

RESUMPTION OF LAND

1. INTRODUCTION

By an announcement dated 29 December 2006, the Company announced that World Houseware Producing Company Limited a wholly owned subsidiary of the Company had entered into the Formal Agreement with an independent third party Guangshen Railway Company Limited (廣深鐵路股份有限公司) for the resumption of certain land held by World Houseware Producing Company Limited by the National Land Bureau of PRC (國土資源和房產管理局) for use by Guangshen Railway Company Limited at an aggregate consideration of RMB11,000,000 (equivalent to approximately HK\$10,924,000).

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Party B and the ultimate beneficial owner of Party B are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

As the consideration for the Resumption of the Land represents for more than 5% of the market capitalization of the Group for the last five trading days prior to the date of the Formal Agreement for the resumption, the Resumption of the Land 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 Resumption of the Land and other information prescribed by the Listing Rules.

2. DETAILS OF THE FORMAL AGREEMENT

Date

28 December 2006

Parties

Party A; and

Party B

Subject matter of the Formal Agreement

Pursuant to the Formal Agreement entered between Party A and Party B, Party A agreed to surrender and the National Land Bureau (國土資源和房產管理局) agreed to resume the Land for use by Party B subject to the following terms:

- (a) The Resumption of the Land shall include the land buildings and structures erected thereon and the compensation for the future economic loss of Party A;
- (b) The National Land Bureau (國土資源和房產管理局) shall compensate Party A for the land, buildings and structures erected thereon;
- (c) Party B shall compensate Party A for the future economic loss of Party A as a result of the Resumption of the Land;
- (d) Party A will transfer the Land to Party B within six days of signing of the Formal Agreement that is on 2 January 2007; and

LETTER FROM THE BOARD

- (e) Party B shall construct a retaining wall separating the Land with the remaining land of Party A and all cost incurred incidental to the construction and maintenance of the retaining wall shall be borne by Party B solely.

The National Land Bureau (國土資源和房產管理局) is not a party to the Formal Agreement and it is not involved in the negotiation between Party A and Party B. However as the Land is a state-owned land, the National Land Bureau (國土資源和房產管理局) takes part in the negotiation regarding the compensation for the land and buildings and the Resumption of the Land must be made through the National Land Bureau (國土資源和房產管理局) which is also responsible for the payment of the compensation for the land buildings and structures to Party A.

The compensation for the land and buildings will be paid by the National Land Bureau (國土資源和房產管理局) to Party A direct.

The Land

The Land including of the certain land and buildings erected thereon is located at No.G05701-4 Zongdi, Shansha Village, Pinghu Street, Longgang District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍崗區平湖街道山廈村G05701-4號宗地). The total site area is approximately 2,350.17 square meters and is used for industrial purpose.

The original cost for the acquisition of the Land in February 1994 was approximately RMB1,211,480 (equivalent to approximately HK\$1,203,059).

Consideration

The aggregate consideration for the Resumption of the Land is approximately RMB11,000,000 (equivalent to approximately HK\$10,924,000) which include the land and buildings for RMB1,092,153 (equivalent to approximately HK\$1,085,000) and the compensation for the future economic loss of Party A for RMB9,907,847 (equivalent to approximately HK\$9,839,000) shall be paid to Party A by cash in the following manner:

- (a) The sum of RMB9,907,847 (equivalent to approximately HK\$9,839,000) being the compensation for the future economic loss shall be paid by Party B to Party A within ten days upon the signing of the Formal Agreement. If not due to the default of Party A, Party B shall fail to pay the said sum within 3 days after the date for payment is due, Party B shall pay an additional sum of 0.5% each day until the actual date of payment as penalty for late payment; and

LETTER FROM THE BOARD

- (b) The remaining balance of RMB1,092,153 (equivalent to approximately HK\$1,085,000) being the compensation for the land and buildings shall be paid by the National Land Bureau (國土資源和房產管理局) to Party A. If not due to the default of Party A, the National Land Bureau (國土資源和房產管理局) shall fail to pay the said sum, Party B shall pay the said sum to Party A but in any event such payment shall not be made later than three months upon the signing of the Formal Agreement.

The consideration regarding the compensation of the future economic loss is arrived at after an arm's length negotiation between Party A and Party B whereas the consideration regarding the compensation of the land buildings and structures is arrived at after an arm's length negotiation between Party A and the National Land Bureau (國土資源和房產管理局). On both cases, the considerations are also made by reference to the comparable market value of land of similar nature. The Board considers the terms and the consideration of the Resumption of the Land are fair and reasonable and are in the interests of the Group and the Shareholders as a whole by reference to the similar market value of comparable land. No professional valuation has been made by Party A for the purpose of the Resumption of the Land.

3. FINANCIAL EFFECTS ON THE RESUMPTION OF THE LAND OF THE COMPANY

It is estimated that on the Resumption of the Land, the Company is expected to record a gain from the net sale proceeds of approximately RMB8,890,000 (equivalent to approximately HK\$8,828,000) for the year ending 31 December 2006 based on the carrying value (including all relevant costs) of the Land of approximately RMB2,110,000 (equivalent to approximately HK\$2,096,000) as at 30 November 2006.

According to the audited financial statements of Party A for the year ended 31 December 2005, there was no revenue recognized for that year and net loss (before and after taxation and extraordinary items) attributable to the Land for that year was approximately RMB33,942 (equivalent to approximately HK\$33,706). According to the audited financial statements of Party A for the year ended 31 December 2004, there was no revenue recognized for that year and net loss (before and after taxation and extraordinary items) attributable to the Land for that year was RMB33,942 (equivalent to approximately HK\$33,706).

The Resumption of the Land will have a positive effect on the Group's working capital position and profit as the Group will retain in excess of an estimated of RMB8,890,000 (equivalent to approximately HK\$8,828,000) in cash and net gain from sale proceeds of RMB8,890,000 (equivalent to approximately HK\$8,828,000) respectively.

The Resumption of the Land is not expected to have any material impact on the consolidated total assets and liabilities of the Company and the carrying value of the Resumption of the Land represents approximately 0.16% and 0.4% of the Company's consolidated total assets and liabilities as at 31 December 2005 respectively.

LETTER FROM THE BOARD

4. REASONS FOR THE RESUMPTION OF THE LAND

The Land was acquired in February 1994 for industrial use by the Group and had since then never changed its purpose.

The Board considers the terms of the Resumption of the Land is fair and reasonable and is in the interests of the Group and the Shareholders as a whole by reference to the similar market value of comparable land. No professional valuation has been made by Party A for the purpose of the Resumption of the Land.

Given the current favourable market condition, the Board considers it is the right time to realise the Land and the net proceed derived from the Resumption of the Land will improve the liquidity and financial position of the Group.

5. USE OF THE PROCEEDS FROM THE RESUMPTION OF THE LAND

The Company intends that the net proceeds from the Resumption of the Land will be used for working capital purpose.

6. INFORMATION OF PARTY A AND THE COMPANY

Party A is engaged in trading in household products and its place of business is located in Hong Kong.

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

7. GENERAL

Your attention is drawn to the appendices to this circular which contain 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				Total	Percentage of shareholding
	Personal interests	Family interests	Corporate interests	Other interests		
Lee Tat Hing	1,756,072	37,395,087 (a)	28,712,551 (e)	280,895,630 (f)	348,759,340	51.56%
Fung Mei Po	37,395,087	30,468,623 (b)	—	280,895,630 (f)	348,759,340	51.56%
Lee Chun Sing	21,815,830	240,000 (c)	—	280,895,630 (f)	302,951,460	44.79%
Lai Lai Wah	240,000	302,711,460 (d)	—	—	302,951,460	44.79%
Lee Pak Tung	2,766,448	—	—	—	2,766,448	0.41%
Kwong Bau To	1,087,103	—	—	—	1,087,103	0.16%
Hui Chi Kuen Thomas	100,000	—	—	—	100,000	0.01%
Chan Lai Kuen Anita	2,623	—	—	—	2,623	—

Notes:

- (a) Mr. Lee Tat Hing is the husband of Madam Fung Mei Po whose personal interests are therefore also the family interests of Mr. Lee Tat Hing.
- (b) Madam Fung Mei Po is the wife of Mr. Lee Tat Hing whose personal and corporate interests are therefore also the family interests of Madam Fung Mei Po.
- (c) Mr. Lee Chun Sing is the husband of Madam Lai Lai Wah whose personal interests are therefore also the family interests of Mr. Lee Chun Sing.
- (d) Madam Lai Lai Wah is the wife of Mr. Lee Chun Sing whose personal and other interests are therefore also the family interests of Madam Lai Lai Wah.
- (e) The shares are held by Lees International Investments Limited, a company wholly owned by Mr. Lee Tat Hing.
- (f) 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

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 26th Floor, Tesbury Centre, 28 Queen's Road East, 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.