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世界(集團)有限公司

WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 713)

**DISCLOSEABLE TRANSACTION
IN RELATION OF THE LEASE AGREEMENT**

THE LEASE AGREEMENT

The Board is pleased to announce that on 14 December 2021, “Nam Sok Co.” a wholly subsidiary of the Company as lease entered into the Lease Agreement with Ruifeng Woodwork (Dongguan) Company Limited as lessor (“Lessor”) in respect of the lease of the Premises commencing from 1 January 2022 to 31 December 2026 (both dates inclusive) for use as a temporary workshop for the production of “Nam Sok Co.”.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Group shall recognize its interest under the Lease Agreement as right-of-use asset in the consolidated financial statements of the Company, and the transaction contemplated under the Lease Agreement is regarded as an acquisition of asset by the Group under Chapter 14 of the Listing Rules. The estimated value of the right-of-use asset to be recognized by the Company under the Lease Agreement amounts to in aggregate approximately RMB81,058,000 (equivalent to approximately HK\$98,891,000).

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement exceeds 5% but all the applicable percentage ratios are less than 25%, the transaction contemplated under the Lease Agreement constitutes a disclosable transaction of the Company and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 14 December 2021, “Nam Sok Co.” a wholly subsidiary of the Company as lease entered into the Lease Agreement with Ruifeng Woodwork (Dongguan) Company Limited as lessor (“Lessor”) in respect of the lease of the Premises commencing from 1 January 2022 to 31 December 2026 (both dates inclusive) for use as temporary workshop for production of “Nam Sok Co.”.

THE LEASE AGREEMENT

Principal terms of the Lease Agreement are set out below:

Date 14 December 2021

Parties Ruifeng Woodwork (Dongguan) Company Limited as lessor (“Lessor”) and “Nam Sok Co.” as lessee.

To the best of the Board’s knowledge, information, and belief, having made all reasonable enquiry, the Lessor is third party independent of and not connected with the Company and its connected persons.

Premises and usage Land and buildings located at No. 80 Puxing East Road, Dali Village, Qingxi Town, Dongguan City, the PRC* (中國東莞市清溪鎮大利村埔星東路 80 號), consisting factories, living quarters and office buildings in the sum of gross floor area approximately 50,000 sq.m.

Term of lease Fixed-term lease : From 1 January 2022 to 31 December 2024 (both dates inclusive)
Non-fixed-term lease: From 1 January 2025 to 31 December 2026 (both dates inclusive)

Rent-free Period From 1 January 2022 to 28 February 2022

Rent First to Third rental year : RMB1,500,000 per month (equivalent to approximately HK\$1,830,000)
Forth rental year: RMB1,650,000 per month (equivalent to approximately HK\$2,013,000)
Fifth rental year: RMB1,815,000 per month (equivalent to approximately HK\$2,214,000)

The rent is tax included and exclusive of utilities expenses and charges.

Security deposit RMB4,500,000 (equivalent to approximately HK\$5,490,000)

Early termination Both parties should submit written opinions on the specific period of the non-fixed lease term based on the past fulfillment before 1 September 2024, and the specific period for the non-fixed lease term should be negotiated before 1 October 2024 and a supplementary agreement is signed to determine it. If the both parties fail to reach and sign a supplementary agreement on the fulfillment of the non-fixed lease term before 1 October 2024, the Lease Agreement early termination on 31 December 2024.

During the non-fixed lease period, if the lessor needs to take back the leased premises due to the renewal and renovation of the leased Premises, the Lessor must notify “Nam Sok Co.” three months in advance, and “Nam Sok Co.” must unconditionally and cooperate with the Lessor to return the leased Premises to the Lessor

INFORMATION OF THE GROUP AND THE PARTIES

The Group is principally engaged in the manufacturing and trading of PVC, P.E., P.P., E.V.A. and cotton household products, PVC, P.E., P.P. pipes and fittings products and property investment.

“Nam Sok Co.” is principally engaged in the manufacturing of PVC, P.E., P.P. pipes and fittings products.

The Lessor, a limited liability company established under the laws of the PRC. According to public records, the Lessor is principally engaged in manufacturing and sales of various kind of furniture and fittings and wooden products, factories leasing business and properties management.

To the best of the Board’s knowledge, information, and belief, having made all reasonable enquiry, the Lessor is third party independent of and not connected with the Company and its connected persons.

REASONS AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

Reference is made to the Announcement made on 5 November 2021 in respect of very substantial disposal and very substantial acquisition in relation to land resumption entered into an agreement (“Resumption Agreement”).

Entering into the Lease Agreement will facilitate temporary factories for “Nam Sok Co.” to continue its production and business. In evaluating the suitability of the Premises as temporary factories, the Directors had considered that the Premises is located in a premier location with suitable condition for the operation of “Nam Sok Co.”. The lease of the Premises will have a positive impact on the production and business of “Nam Sok Co.”.

The terms of the Lease Agreement were determined after arm's length negotiations between "Nam Sok Co." and the Lessor with reference to the prevailing market rent of comparable properties in the vicinity of the Premises. The Directors consider that the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the Group will recognize its interest under the Lease Agreement as a right-of-use asset in the consolidated financial statements of the Company, and the transaction contemplated under the Lease Agreement is regarded as an acquisition of asset by the Group under Chapter 14 of the Listing Rules. The estimated value of the right-of-use asset to be recognized by the Company under the Lease Agreement amounts to in aggregate approximately RMB81,058,000 (equivalent to approximately HK\$98,891,000), which is calculated with reference to the present value of the aggregated rent payments to be made through out the whole term of the Lease Agreement.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement exceeds 5% but all the applicable percentage ratios are less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As the Company has to co-operate with the development time of the PRC government's overall benefit in the land development project, urgently needs to handle the factories relocation affair, the Company now make disclosure after entering into the Lease Agreement to ensure compliance with the Listing Rules.

DEFINITIONS

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

"Resumption Agreement"	(Party A) "Pinghu Street Office", (Party B) "Land Development Affair Centre", (Party C) "Planning and Natural Resources Bureau", (Party D1) "World Producing Co." and (Party D2) "Nam Sok Co." entered into 平湖街道山廈社區山廈地塊(世界家庭用具製品廠有限公司)已出讓產業用地土地整備利益統籌項目協議 an agreement of Pinghu Street Shanxia Community Shanxia parcel (World Houseware Producing Company Limited) overall benefit in the land development of land sold project* dated 5 November 2021.
"Board"	the board of Directors
"Company"	World Houseware (Holdings) Limited, a company incorporated in the Cayman Islands and whose shares are listed in the Stock Exchange

“Directors”	the existing directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS16”	Hong Kong Financial Reporting Standards 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Development Affair Centre”	深圳市龍崗區土地整備事務中心 The Shenzhen City Longgang District Land Development Affair Centre*
“Lease Agreement”	the lease agreement dated 14 December 2021 entered into between “Nam Sok Co.” as lessee and the Lessor as lessor in relation to the lease of the Premises
“Lessor”	Ruifeng Woodwork (Dongguan) Co., Ltd (瑞豐木業(東莞)有限公司) a limited liability company established under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nam Sok Co.”	南塑建材塑膠製品(深圳)有限公司 (Nam Sok Building Material & Plastic Products (Shenzhen) Company Limited*), a limited liability company established under the laws of the PRC, which is a wholly owned subsidiary of the Company.
“Office, Centre, Bureau”	“Pinghu Street Office”, “Land Development Affair Centre” and “Planning and Natural Resources Bureau”
“Pinghu Street Office”	深圳市龍崗區平湖街道辦事處 The Shenzhen City Longgang District Pinghu Street Office*
“Planning and Natural Resources Bureau”	深圳市規劃和自然資源局龍崗管理局 The Longgang Administration Bureau of Shenzhen City Planning and Natural Resources Bureau*
“PRC”	The People’s Republic of China
“Premises”	Land and buildings located at No. 80 Puxing East Road, Dali Village, Qingxi Town, Dongguan City, the PRC* (東莞市清溪鎮大利村埔星東路 80 號), consisting factories, living quarters and office in the sum of gross floor area approximately 50,000 sq.m.

“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meter
“World Producing Co.”	World Houseware Producing Company Limited, a company incorporated in Hong Kong with limited liability, which is a wholly owned subsidiary of the Company

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.22. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

All English translations of Chinese names in this announcement marked with “” are not official English names and are for identification purpose only.*

By Order of the Board
World Houseware (Holdings) Limited
Lee Tat Hing
Chairman

Hong Kong, 14 January 2022

As at the date of this announcement, the executive directors of the Company are Mr. Lee Tat Hing, Madam Fung Mei Po, Mr. Lee Chun Sing and Mr. Lee Kwok Sing Stanley; the non-executive director of the Company is Mr. Cheung Tze Man Edward; the independent non-executive directors of the Company are Mr. Tsui Chi Him Steve, Mr. Hui Chi Kuen Thomas and Mr. Ho Tak Kay.