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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)

**VERY SUBSTANTIAL DISPOSAL AND  
VERY SUBSTANTIAL ACQUISITION  
IN RELATION TO LAND RESUMPTION**

The Board is pleased to announce that after trading hours on 5 November 2021, wholly owned subsidiaries of the Company, World Houseware Producing Company Limited (“World Producing Co.”) and Nam Sok Building Material & Plastic Products (Shenzhen) Company Limited\* (“Nam Sok Co.”) have entered into the Agreement with “Pinghu Street Office”, “Land Development Affair Centre” and “Planning and Natural Resources Bureau” (the “Office, Centre, Bureau”) to co-operate with the development time of the PRC government’s overall benefit in the land development project in relation to the resumption of the “Existing Land” in Shenzhen, the PRC which was acquired by “World Producing Co.” in the year of 1994 and transferred the property rights with no value to “Nam Sok Co.” in the year of 2010, “Existing Land” is being occupied by “Nam Sok Co.” as its manufacturing factories. Taking into account to co-operate with the development time of the PRC government’s overall benefit in the land development project, the Company will allocate its manufacturing facilities temporary move to rented factories in Huizhou, the PRC to continue its production and business. Upon the “Replacement Land” is received, which is around 12 months from the date of Agreement, the Company intends to build the residential and commercial buildings on the “Replacement Land”, and at the same time look for suitable industrial land of approximately 133,000 sq.m. to build its own manufacturing facilities. The Company is on the view that co-operation with the PRC government’s overall benefit in the land development project in relation to the resumption of the “Existing Land” is in the best interests of the Company.

Pursuant to the Agreement, “World Producing Co.” and “Nam Sok Co.” are responsible for the provision of the “Existing Land” and demolition of the buildings, structures, greening and relevant fixtures erected on the land. The “Office, Centre, Bureau” will compensate the “Replacement Land” and “Monetary Compensation” to “World Producing Co.” and “Nam Sok Co.”.

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Agreement exceeds 75%, the Agreement constitutes a very substantial disposal and a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Relevant Shareholders, holding approximately 53.64% interest in the Company as at the date of this announcement, have indicated to the Company that they will vote for the Agreement and the transactions contemplated thereunder at the EGM. To the best of the Board's knowledge, information and belief, having made reasonable enquiries, no Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and is required to abstain from voting at the EGM. A circular containing, amongst others, details of the Agreement and the transactions contemplated thereunder will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 26 November 2021.

The Board is pleased to announce that after trading hours on 5 November 2021, wholly owned subsidiaries of the Company, "World Producing Co." and "Nam Sok Co." have entered into the Agreement with the "Office, Centre, Bureau" to co-operate with the development time of the PRC government's overall benefit in the land development project in relation to the resumption of "Existing Land", which is being occupied by "Nam Sok Co." as its manufacturing factories. Taking into account to co-operate with the development time of the PRC government's overall benefit in the land development project, the Company will allocate its manufacturing facilities temporary move to rented factories in Huizhou, the PRC to continue its production and business. Upon the "Replacement Land" is received, which is around 12 months from the date of Agreement, the Company intends to build the residential and commercial buildings on the "Replacement Land", and at the same time look for suitable industrial land of approximately 133,000 sq.m. to build its own manufacturing facilities. The Company is on the view that the co-operation with the PRC government's overall benefit in the land development project in relation to the resumption of the "Existing Land" is in the best interests of the Company.

## **THE AGREEMENT**

### **Date**

5 November 2021

## **Parties**

(Party A) “Pinghu Street Office”, the local governmental authorities responsible for the implementation of the land resumption

(Party B) “Land Development Affair Centre”, the local governmental authorities responsible for the implementation of the land resumption

(Party C) “Planning and Natural Resources Bureau”, the local governmental authorities responsible for the implementation of the land resumption

(Party D1) “World Producing Co.”, a wholly owned subsidiary of the Company

(Party D2) “Nam Sok Co.”, a wholly owned subsidiary of the Company

## **Arrangement**

Pursuant to the Agreement, “World Producing Co.” and “Nam Sok Co.” are responsible for the provision of the “Existing Land” and demolition of the buildings, structures, greening and relevant fixtures erected on the land. The “Office, Centre, Bureau” will compensate the “Replacement Land” and “Monetary Compensation” to “World Producing Co.” and “Nam Sok Co.”.

### **“Replacement Land” and “Monetary Compensation”**

“World Producing Co.” and “Nam Sok Co.” will receive:

(i) “Replacement Land”

Land parcel no. 09-20, 09-18, located at 【輔城坳-新木地區 Fucheng’ao, Xinmu District\*】 Pinghu Street, Longgang District, Shenzhen City, the PRC covers an area of 31,039 sq.m. The nature of the planned land use is residential. According to the valuation reports of 深圳市自然資源和不動產評估發展研究中心 Development Research Center for Natural Resource and Real Estate Assessment, Shenzhen at 5 March 2021 was approximately RMB1,828,750,000 (equivalent to approximately HK\$2,194,500,000), subject to the final approval documents granted by the PRC government’s relevant functional departments;

(ii) “Monetary Compensation”

“Monetary Compensation” shall be paid by 4 instalments, in which of 3 instalments totally amounted to approximately RMB888,133,982 (equivalent to approximately HK\$1,065,760,778), another 1 instalment is for the compensation of the underground concealed works, the amounts are subject to final review of the compensation.

The compensation of “Replacement Land” and “Monetary Compensation” were determined by negotiation at arm’s length between the “Office, Centre, Bureau”, “World Producing Co.” and “Nam Sok Co.” after taking into account of the relevant existing preferential policy condition of 深圳市已出讓產業用地土地整備利益統籌辦法 Method of overall benefit in the land development of land sold in Shenzhen City ( 征求意见稿 Consultation Document\* 20201015 ), be applied as a pilot case to the government of Shenzhen City for its approval and will be implemented after consented.

**Expected timeline of the “Replacement Land”**

The “Office, Centre, Bureau” shall according to the Agreement to complete the application for the grant of the “Replacement Land” and the signing works for land right transfer agreement, within 12 months after signing of the Agreement.

Upon the “Replacement Land” is received, the Company intends to build the residential and commercial buildings on the “Replacement Land” within 24 months.

**Terms of Payments of “Monetary Compensation”:**

The “Office, Centre, Bureau” shall pay “World Producing Co.” and “Nam Sok Co.” the following compensations at the following dates:

- (a) Approximately RMB385,433,964 (equivalent to approximately HK\$462,520,757) for the buildings, structures, greening and relevant fixtures erected on the land of approximately HK\$321,194,970 (equivalent to approximately HK\$385,433,964) and a series of losses due to the relocation of approximately RMB64,238,994 (equivalent to approximately HK\$77,086,793), within 15 working days after signing the Agreement, the amount is subject to final review of the compensation.;
- (b) Approximately RMB300,000,000 (equivalent to approximately HK\$360,000,000) as the initial payment of the price difference between “Existing Land” and “Replacement Land” on or before 15 December 2021;

- (c) Approximately RMB202,700,018 (equivalent to approximately HK\$243,240,022) as the balance payment of the price difference between “Existing Land” and “Replacement Land” according to the financial approval process, within 15 working days after the approval date of the implementation plan. The approval time is based on the date of issuance of the meeting minutes of municipal government;
- (d) The compensation of the constructions underground on or before 20 February 2022, the amount is depended on the review by 龍崗造價管理站 Longgang cost management station\*.

**Timeline of the resumption of land:**

“Nam Sok Co.” will

- (a) handover part of “Existing Land” of approximately 60,000 sq.m. and demolish the relevant buildings, structures, greening and relevant fixtures erected on the land by the earlier of 31 December 2021;
- (b) handover all the “Existing Land” and demolish all the buildings, structures, greening and relevant fixtures erected on the land, which is around January 2022;
- (c) complete the deregistration of the certificate of title of the “Existing Land”, which is around February 2022.

**Expected timeline of the relocation of the manufacturing facilities:**

- (a) The beginning of the relocation of the manufacturing facilities to rented factories, which is around December 2021, and may complete in around January 2022.
- (b) The relocation of the manufacturing facilities to the new industrial land expected in around at the end of 2024.

**Conditions Precedent:**

The arrangement is conditional upon the Agreement and the transactions contemplated thereunder being proposed, approved and confirmed at the EGM.

## REASONS FOR THE ARRANGEMENT

As to co-operate with the development time of the PRC government's overall benefit in the land development project, the Company are responsible for the provision of the "Existing Land" and demolish the buildings, structures, greening and relevant fixtures erected on the land. The "Office, Centre, Bureau" will compensate the "Replacement Land" with its estimated valuation of approximately RMB1,828,750,000 (equivalent to approximately HK\$2,194,500,000), "Monetary Compensation" of approximately RMB888,133,982 (equivalent to approximately HK\$1,065,760,778) and the compensation of underground concealed works, the amount is depended on the review by 龍崗造價管理站 Longgang cost management station\*. The total compensation is approximately RMB2,716,883,982 (equivalent to approximately HK\$3,260,260,778).

The total compensation is matched with the valuation report of 深圳市自然資源和不動產評估發展研究中心 Development Research Center for Natural Resource and Real Estate Assessment, Shenzhen at 5 March 2021, under the requirements of the planning of utilization, properties rights restrictions and the level of land development. As the Company's co-operation with the development time of the PRC government's overall benefit in the land development project, the PRC government offer a preferential arrangement to evaluate the "Existing Land" which is in the type of industrial land use in present, assumed it as a type of commercial services land use for the evaluation, the estimated valuation was approximately RMB2,331,450,018 (equivalent to approximately HK\$2,797,740,022) adding the "Monetary Compensation" for the relevant buildings, structures, greening and relevant fixtures erected on the land and a series of loss due to the relocation amounted to RMB385,433,964 (equivalent to approximately HK\$462,520,757), in the sum of RMB2,716,883,982 (equivalent to approximately HK\$3,260,260,778).

As compare with the valuation report prepared by Asset Appraisal Limited, as at 31 December 2020, the valuation of the "Existing Land" evaluated according to the present type of industrial land use together with the relevant buildings thereon was RMB438 million (equivalent to approximately HK\$525.6 million). The valuation increase in the "Existing Land" and the relevant buildings thereon approximately 520%.

The Board considers that the land resumption presents a valuable opportunity for the Company to modernize its business operation, the "Monetary Compensation" will fund the Company's expenses for the relocations of the manufacturing facilities. After taking into account the above mentioned increase in the valuation of the Company's assets and to co-operate with the development time of the PRC government's overall benefit in the land development project, the Company will allocate its manufacturing facilities temporary move to rented factories in Huizhou, the PRC to continue its production and business. Upon the "Replacement Land" is received, which is around 12 months from the date of Agreement, the Company intends to build the residential and commercial buildings on the "Replacement Land", and at the same time look for suitable industrial land of approximately 133,000 sq.m. to build its own manufacturing facilities.

The Company does not anticipate there to be any material disruption to the Company's operations nor material adverse impact on its production capacity as the Company still has a manufacturing facilities located in Changshu, the PRC is capable to produce the products of the same types. The Company has no intention to terminate; downsize and dispose of the existing business.

The Company is on the view that co-operation with the PRC government's overall benefit in the land development project in relation to the resumption of the "Existing Land" is in the best interests of the Company.

Having considered the foregoing, the Board is of the view that the Agreement and transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

### **FINANCIAL EFFECT OF THE ARRANGEMENT**

The "Existing Land" where "Nam Sok Co." is located at, which is responsible for manufacturing and distribution of PVC, P.E., P.P. pipes and fittings products.

The date of cessation of the operation in original factories expected in around January 2022, the date of operation of the rented factories expected in around February 2022, and the relocation of the manufacturing facilities to the new industrial land expected in around at the end of 2024.

The Company expects the production will not be stopped during the transitional periods, and taking into account of the Company has a manufacturing facilities located in Changshu, the PRC is capable to produce the products of the same types. The Board is on the view that the Arrangement would not be a material impact on the Company's business operation of manufacturing and distribution of PVC, P.E. P.P. pipes and fittings products.

There will be no impact on the Group's business of manufacturing and trading of PVC, P.E., P.P., E.V.A. and cotton household products, as the Group has other factories located in Zhongshan, the PRC to operate this business.

As the “Replacement Land” will be received, which is around 12 months from the date of Agreement, the Group will depend on the market conditions upon receiving the “Replacement Land” to formulate a concrete strategy, such as intends to build the residential and commercial buildings on the “Replacement Land” within 24 months after the “Replacement Land” is received.

In order to comply with Rule 14.60(3) of the Listing Rules which requires to disclose the expected profit or loss arising from relevant transactions, the Group has make estimations as follows. It is estimated that the Group will record a gain before tax approximately HK\$3 billion assuming when the Arrangement has completed, the Company will allocate its manufacturing facilities temporary move to rented factories in Huizhou, the PRC to continue its production and business. Upon the “Replacement Land” is received, which is around 12 months from the date of Agreement, the Company intends to build the residential and commercial buildings on the “Replacement Land”, and at the same time look for suitable industrial land of approximately 133,000 sq.m. to build its own manufacturing facilities. Such gain is estimated based on the “Replacement Land” and “Monetary Compensation” to be received, the “Replacement Land” is estimated to represent a monetary value of approximately RMB1,828,750,000 (equivalent to approximately HK\$2,194,500,000), the “Monetary Compensation” including approximately RMB888,133,982 (equivalent to approximately HK\$1,065,760,778) and the compensation of the underground concealed works, which the amount is subject to final review of the compensation less (i) the net book value of the “Existing Land” and the relevant buildings thereon of approximately HK\$30,990,000 and HK\$59,287,000 respectively, totally amounted to approximately HK\$90,277,000 as at 31 December 2020; and (ii) relevant expenses.

The actual gain to be recorded by the Group will depend on (i) the net book value of the Existing Land and existing properties as at the date of demolition; (ii) the actual relocation, demolition and redevelopment costs to be incurred by the Group in connection with the arrangement, will relocate its manufacturing facilities; and (iii) the associated PRC taxes in connection with the above, therefore, the actual amount is subject to changes and may be different from the amount as presented above.



## **USE OF PROCEEDS**

The estimated net proceeds before tax from the arrangement may be used for (i) funding for the estimated allocation cost to temporary rented factories, and the estimated redevelopment costs including the acquisition cost of the new industrial land of the new manufacturing facilities, the costs can be fully settled by the Monetary Compensation; (ii) acquiring modern machineries; (iii) repaying bank loans and thus reducing interest expenses thereon; (iv) general working capital purpose; or (v) suitable future investment(s).

The net proceeds will not be realized until after the arrangement has been completed; and the Company has not identified any investment opportunities, the Company is therefore unable to ascertain the specific proportion of the net proceeds to be allocated to each of such purpose as stated above as at the date of the announcement.

## **INFORMATION OF 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.

“World Producing Co.” is principally engaged in manufacturing and trading of household products.

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

The “Office, Centre, Bureau”, are the local governmental authorities responsible for the implementation of the land resumption.

To the best of the Board’s knowledge, information, and belief, having made all reasonable enquiry, the “Office, Centre, Bureau” are third parties independent of and not connected with the Company and its connected persons.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Agreement exceeds 75%, the Agreement constitutes a very substantial acquisition and a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Relevant Shareholders, holding approximately 53.64% interest in the Company as at the date of this announcement, have indicated to the Company that they will vote for the Agreement and the transactions contemplated thereunder at the EGM. To the best of the Board's knowledge, information and belief, having made reasonable enquiries, no Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and is required to abstain from voting at the EGM. A circular containing, amongst others, details of the Agreement and the transactions contemplated thereunder will be dispatched to the Shareholders in Accordance with the requirements of the Listing Rules on or before 26 November 2021.

## **DEFINITIONS**

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

“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

“EGM”	the extraordinary general meeting of the Company to be held to propose, approve and confirm among others, the Agreement and the transactions contemplated thereunder
“Existing Land”	Land parcel no. G05701-4, located at the intersection of Pingda Road and Xinxia Road, Shanxia Community, Pinghu Street, Longgang District, Shenzhen City, the PRC covers an area of approximately 206,286 sq.m., According to the valuation report of 深圳市自然資源和不動產評估發展研究中心 Development Research Center for Natural Resource and Real Estate Assessment, Shenzhen at 5 March 2021, under the requirements of the planning of utilization, properties rights restrictions and the level of land development, the estimated valuation was approximately RMB2,331,450,018 (equivalent to approximately HK\$2,797,740,022)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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*
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monetary Compensation”	cash compensation pay by the “Office, Centre, Bureau” to “World Producing Co.” and “Nam Sok co.” of approximately RMB888,133,982 (equivalent to approximately HK\$1,065,760,778) and the compensation of the constructions underground
“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
“Replacement Land”	a site area of 31,039 sq.m. of residential land, Parcel no. 09-20, 09-18 located in 【輔城坳-新木地區 Fucheng’ao, Xinmu District】 Pinghu Street, Longgang District, Shenzhen City, Guangdong Province, the PRC. The nature of the planned land use is residential. According to the valuation reports of 深圳市自然資源和不動產評估發展研究中心 Development Research Center for Natural Resource and Real Estate Assessment, Shenzhen at 5 March 2021, the estimated valuation was approximately RMB1,828,750,000 (equivalent to approximately HK\$2,194,500,000) subject to the final approval documents granted by the PRC government’s relevant functional departments
“Relevant Shareholders”	Goldhill Profits Limited, which is wholly-owned by a discretionary trust of which Mr. Lee Tat Hing (the Chairman of the Company) and Mr. Lee Chun Sing and Mr. Lee Kwok Sing Stanley (the executive directors of the Company and the sons of Mr. Lee Tat Hing) and Madam Fung Mei Po (the Vice-Chairperson and Chief Executive Officer of the Company and the wife of Mr. Lee Tat Hing) are discretionary objects, is beneficially entitled to 280,895,630 shares in the issued share capital of the Company; Lees International Investments Limited, a company beneficial owned by Mr. Lee Tat Hing, is beneficially entitled to 28,712,551 shares in the issued share capital of the Company; Mr. Lee Tat Hing is beneficially entitled to 14,256,072 shares in the issued share capital of the Company, Madam Fung Mei Po is beneficially entitled to 58,121,087 shares in the issued share capital of the Company and Mr. Lee Chun Sing is beneficially entitled to 34,315,830 shares in the issued share capital of the Company. All the above-named beneficial shareholders collectively are beneficially entitled to 416,301,170 shares representing approximately 53.64% of the issued share capital of the Company

“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\$1.2. 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, 5 November 2021

*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.*