世界（集團）有限公司
WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 713)

ANNOUNCEMENT OF INTERIM RESULTS 2014

The Board of Directors (the "Board") of World Houseware (Holdings) Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	**1.1.2014 to 30.6.2014 *HK$'000* (unaudited)**	1.1.2013 to 30.6.2013 *HK$'000* (unaudited)
Turnover	*3*	**455,352**	447,999
Cost of sales		**(409,752)**	(402,236)
Gross profit		**45,600**	45,763
Other income		**4,182**	4,973
Other gains and losses	*4*	**7,486**	(3,407)
Selling and distribution costs		**(9,370)**	(9,806)
Administrative expenses		**(56,319)**	(55,516)
Finance costs	*5*	**(5,906)**	(5,562)
Loss before taxation		**(14,327)**	(23,555)
Taxation	*6*	**(2,976)**	(2,298)
Loss for the period	*7*	**(17,303)**	(25,853)

	Notes	**1.1.2014 to 30.6.2014** *HK$'000* **(unaudited)**	1.1.2013 to 30.6.2013 *HK$'000* (unaudited)
Other comprehensive (expense) income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**(29,832)**	19,488
Total comprehensive expense for the period		**(47,135)**	(6,365)
Loss for the period attributable to:			
Owners of the Company		**(17,301)**	(25,851)
Non-controlling interests		**(2)**	(2)
		(17,303)	(25,853)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(47,133)**	(6,363)
Non-controlling interests		**(2)**	(2)
		(47,135)	(6,365)
Loss per share			
Basic and diluted	*9*	**HK(2.56) cents**	HK(3.82) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	**30.6.2014** ***HK$'000*** **(unaudited)**	31.12.2013 *HK$'000* (audited)
Non-current assets			
Investment properties		**29,410**	28,930
Property, plant and equipment		**729,208**	675,925
Prepaid lease payments		**81,025**	84,283
Deposits paid for acquisition of property, plant and equipment		**35,317**	31,404
Intangible assets		**738**	1,040
Long-term prepayment		**21,500**	21,500
		897,198	843,082
Current assets			
Inventories		**247,612**	263,305
Trade and other receivables	*10*	**302,183**	289,970
Taxation recoverable		**43**	43
Pledged bank deposits		**7,899**	8,297
Bank balances and cash		**34,883**	82,855
		592,620	644,470
Current liabilities			
Trade and other payables	*11*	**217,858**	208,201
Amounts due to directors		**21,827**	21,982
Taxation payable		**3,076**	6,381
Bank borrowings – amount due within one year		**269,250**	227,001
		512,011	463,565
Net current assets		**80,609**	180,905
Total assets less current liabilities		**977,807**	1,023,987

	Notes	30.6.2014	31.12.2013
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Bank borrowings – amount due after one year		**17,706**	15,729
Deferred taxation		**4,658**	4,723
Deposit received		**37,406**	38,363
		59,770	58,815
Net assets		**918,037**	965,172
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**850,415**	897,548
Equity attributable to owners of the Company		**918,057**	965,190
Non-controlling interests		**(20)**	(18)
Total equity		**918,037**	965,172

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK (IFRIC) – INT 21	Levies

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS 8 are as follows:

Household products	–	manufacture and distribution of household products
PVC pipes and fittings	–	manufacture and distribution of PVC pipes and fittings
Food waste recycling	–	food waste recycling business
Others	–	investment in properties

During the six months ended 30 June 2014, a newly reportable segment, food waste recycling business, has been presented as a separate segment because the respective segment result exceeds the quantitative thresholds in accordance with HKFRS 8 "Operating Segments".

The following is an analysis of the Group's turnover and results by reportable and operating segments for the periods under review:

Six months ended 30 June 2014 (unaudited)

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover						
Sales of goods						
External sales	167,444	286,757	–	–	–	454,201
Inter-segment sales	185	62	–	–	(247)	–
Rental income	–	–	–	1,151	–	1,151
Total segment revenue	167,629	286,819	–	1,151	(247)	455,352
Segment (loss) profit	(6,439)	10,216	(2,934)	1,611	–	2,454
Interest income						140
Unallocated corporate expenses						(11,015)
Finance costs						(5,906)
Loss before taxation						(14,327)

Inter-segment sales are charged at cost plus certain markup.

Six months ended 30 June 2013 (unaudited)

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover						
Sales of goods						
External sales	186,126	260,923	–	–	–	447,049
Inter-segment sales	311	388	–	–	(699)	–
Rental income	–	–	–	950	–	950
Total segment revenue	186,437	261,311	–	950	(699)	447,999
Segment (loss) profit	(16,952)	5,930	–	2,858	–	(8,164)
Interest income						718
Unallocated corporate expenses						(10,547)
Finance costs						(5,562)
Loss before taxation						(23,555)

Inter-segment sales are charged at cost plus certain markup.

Segment (loss) profit represents the (loss) incurred/profit earned by each segment without allocation of certain administration costs, interest income and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Gain arising from changes in fair value of investment properties	**480**	1,940
Loss on disposal of property, plant and equipment	**(260)**	(463)
Net foreign exchange gain (loss)	**7,266**	(4,884)
	7,486	(3,407)

5. FINANCE COSTS

	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank borrowings wholly repayable within five years	**6,897**	5,562
Less: amounts capitalized in the cost of qualifying assets	**(991)**	–
	5,906	5,562

6. TAXATION

	1.1.2014 to 30.6.2014 HK$'000 (unaudited)	1.1.2013 to 30.6.2013 HK$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	**–**	1
PRC Enterprise Income Tax ("EIT")	**3,132**	2,224
	3,132	2,225
Overprovision of Hong Kong Profits Tax in prior year	**(192)**	–
	2,940	2,225
Deferred taxation charge	**36**	73
Taxation charge for the period	**2,976**	2,298

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

PRC EIT is calculated at the applicable rate of 25% in accordance with the relevant laws and regulations in the PRC.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$105,362,000 (for six months ended 30 June 2013: HK$87,928,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. LOSS FOR THE PERIOD

	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	**281**	219
Amortisation of prepaid lease payments	**1,267**	1,264
Depreciation of property, plant and equipment	**25,942**	26,399
Impairment loss recognised on trade receivables	**1,145**	2,389
and after crediting:		
Gross rental income from investment properties	**1,151**	950
Less: Direct operating expenses that generated rental income	**(31)**	(110)
	1,120	840
Interest income	**140**	718

8. DIVIDENDS

No final dividends in respect of the year ended 31 December 2013 and 31 December 2012 were paid, declared or proposed during the current or prior interim period. The directors have determined that no dividend will be paid in respect of the current interim period (for six months ended 30 June 2013: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2014 is based on the loss for the period attributable to owners of the Company of HK$17,301,000 (for six months ended 30 June 2013: HK$25,851,000) and on 676,417,401 (for six months ended 30 June 2013: 676,417,401) ordinary shares for the purpose of loss per share during the period.

The diluted loss per share for the period ended 30 June 2014 and 30 June 2013 has not been taken into account the effect of outstanding share options as their exercise would result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

The Group allows credit periods ranging from 30 days to 180 days, depending on the products sold, to its trade customers.

The following is an aged analysis of the Group's trade receivables presented based on the invoice date, which approximated the revenue recognition date, net of allowance for doubtful debts, at the end of the reporting period:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**77,602**	87,698
31 – 60 days	**54,778**	59,164
61 – 90 days	**39,726**	35,739
91 – 180 days	**40,637**	34,676
Over 180 days	**55,501**	32,040
Trade receivables, net of allowance of doubtful debts	**268,244**	249,317
Prepayments for raw materials, deposits and other receivables	**31,446**	38,100
Prepaid lease payments	**2,493**	2,553
Total trade and other receivables	**302,183**	289,970

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**54,458**	60,403
31 – 60 days	**28,979**	50,270
61 – 90 days	**24,599**	19,259
Over 90 days	**25,221**	18,061
Total trade payables	**133,257**	147,993
Other payables	**84,601**	60,208
Total trade and other payables	**217,858**	208,201

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Board of Directors (the "Board") of World Houseware (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014. This interim results announcement has been approved by the Board and the Audit Committee of the Company.

- The Group recorded a consolidated turnover of HK$455,352,000 for the six months ended 30 June 2014, representing an increase of 1.6% or HK$7,353,000 as compared to HK$447,999,000 of the same period last year.

- Gross profit of the Group was HK$45,600,000, representing a decrease of 0.4% or HK$163,000 as compared to HK$45,763,000 of the same period last year. The gross profit margin was 10%, representing a decrease of 0.2% as compared to 10.2% of the same period last year.

- Loss attributable to the owners of the Company for the period was HK$17,301,000, as compared to a loss of HK$25,851,000 for the same period last year.

- Basic loss per share was HK2.56 cents, as compared to basic loss per share of HK3.82 cents of the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2014.

BUSINESS REVIEW

During the period under review, the Group's traditional manufacturing business of household products and PVC pipes and fitting faced severe difficulties and challenges. The environment of manufacturing business in China is becoming more difficult as the labour cost in China has been increasing every year. In addition, the production processing, labour skills and other supporting facilities in South East Asian countries like Vietnam, Myanmar, Cambodia and Indonesia had all become more mature for the last few years and the quality of their products and prices are becoming more competitive. In such circumstances, the Group is facing pressure of clients transferring manufacturing orders to other South East Asian countries and the Group's result is severely affected.

Faced with such adverse business environment, the Group strives to improve the strategy of the traditional business. Though the adverse situation still could not be overturned, the deficit was slightly reduced.

For the Group's newly developed business of feed production from food waste during the review period, the business is still in the preparatory stage and the production has not yet started. The trial production of the plant in Zhongshan of the South China Reborn Resources (Zhongshan) Company Limited ("South China Zhongshan"), a wholly owned subsidiary of the Group, is in progress. For the plant located at Ecopark, Phase II, Tuen Mun, New Territories, Hong Kong ("Ecopark") is still under construction.

During the period under review the gain arising from changes in fair value of investment properties was HK$480,000.

PROSPECTS

Looking into the future, the Group faces both challenges and opportunities. On one hand, the Group will strive to improve the traditional manufacturing business and on the other hand the Group will focus on developing the business on our self-invented technology on production of feed from food waste.

In the year of 2011, the Group had entered into a cooperative development framework agreement with a renowned PRC land development company to redevelop a piece of land wholly owned by the Group. The land is currently being used as the factory premises and is located at Ping Shan New District of Shenzhen City. It is to be developed into a commercial and residential property ("Development Project"). The Development Project has been approved by Shenzhen Municipal Government on 5 May 2014 and was listed as Public Notice No.12 of "The First Lot of 2014 Shenzhen City Urbanization Project". Both parties will strive to speed up the Development Project. Once the Development Project is completed, the Group is expected to have profits and return.

The conversion of food waste to feed operation in South China Zhongshan had just commenced its production recently and is now running smoothly. For the project at Ecopark, though there was a short delay, the construction of the physical structure of the building has been completed and is now pending for the issuance of the occupation permit. Once the occupation permit is obtained, the machineries and other equipments will be installed expeditiously. The production is expected to commence in the second half of this year and this business is likely to have a good prospect.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, terms loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 30 June 2014, the Group had bank balances and cash and pledged bank deposits of approximately HK$42,782,000 (31.12.2013: HK$91,152,000) and had interest-bearing bank borrowings of approximately HK$286,956,000 (31.12.2013: HK$242,730,000). The Group's interest-bearing bank borrowings were mainly computed at Hong Kong Inter-Bank Offering Rate plus a margin. The Group's total banking facilities available as at 30 June 2014 amounted to HK$666,877,000; of which HK$286,956,000 of the banking facilities was utilised (utilisation rate was at 43%).

The Group continued to conduct its business transactions principally in Hong Kong dollars, US dollars and Renminbi. The Group's exposure to the foreign exchange fluctuations has not experienced any material difficulties in the operations or liquidity as a result of fluctuations in currency exchange.

At 30 June 2014, the Group had current assets of approximately HK$592,620,000 (31.12.2013: HK$644,470,000). The Group's current ratio was approximately 1.2 as at 30 June 2014 as compared with approximately 1.4 as at 31 December 2013. Total shareholders' funds of the Group as at 30 June 2014 decreased by 4.9% to HK$918,037,000 (31.12.2013: HK$965,172,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2014 was 0.62 (31.12.2013: 0.54).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments and bank deposits with an aggregate net book value of HK$269,876,000 (31.12.2013: HK$181,320,000) were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2014, the Group employed a total workforce of about 2,045 (30.6.2013: 2,186) including 2,002 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$60,617,000 (30.6.2013: HK$64,003,000). It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industries. It is the Group's policy to encourage its subsidiaries to send the management and staff to attend training classes or seminars that related to the Group's business. Tailor made internal training program was also provided to staff in our PRC factories.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2014, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2014. The unaudited interim results have also been reviewed by the Company's external auditor.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the Directors' opinion, the Company has applied the principles and complied with all the applicable code provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the first six months ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

PUBLICATION OF INTERIM REPORT

The 2014 Interim Report of the Company containing all the information as required by Appendix 16 of the Listing Rules will be published on the Company's website at www.worldhse.com and the website of Hong Kong Exchanges and Clearing Limited, while printed copies will be sent to shareholders of the Company as soon as practicable.

By Order of the Board
Lee Tat Hing
Chairman

Hong Kong, 25 August 2014

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, Mr. Lee Pak Tung, Madam Chan Lai Kuen Anita and Mr. Lee Kwok Sing Stanley; the non-executive director of the Company are Mr. Cheung Tze Man Edward and Mr. Wong Woon Chung Jonathan; the independent non-executive directors of the Company are Mr. Tsui Chi Him Steve, Mr. Hui Chi Kuen Thomas, Mr. Ho Tak Kay and Mr. Shang Sze Ming.