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 2017

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 2017 together with the comparative figures for the corresponding period in 2016:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	**1.1.2017 to 30.6.2017** ***HK$'000*** **(unaudited)**	1.1.2016 to 30.6.2016 *HK$'000* (unaudited)
Turnover	*3*	**386,475**	411,918
Cost of sales		**(330,804)**	(343,464)
Gross profit		**55,671**	68,454
Other income		**17,768**	8,667
Other gains and losses	*4*	**(16,026)**	(477)
Selling and distribution costs		**(19,541)**	(16,958)
Administrative expenses		**(56,825)**	(58,200)
Impairment loss recognised on property, plant and equipment		**(18,643)**	–
Finance costs	*5*	**(7,441)**	(8,131)
Loss before taxation		**(45,037)**	(6,645)
Taxation	*6*	**(4,354)**	(7,297)
Loss for the period	*7*	**(49,391)**	(13,942)

	Notes	**1.1.2017 to 30.6.2017** ***HK$'000*** **(unaudited)**	1.1.2016 to 30.6.2016 *HK$'000* (unaudited)
Other comprehensive income (expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**29,213**	(13,968)
Total comprehensive expense for the period		**(20,178)**	(27,910)
Loss per share	*9*		
Basic and diluted		**HK(6.52) cents**	HK(1.87) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	30.6.2017 HK$'000 (unaudited)	31.12.2016 HK$'000 (audited)
Non-current assets			
Investment properties		**32,960**	30,690
Property, plant and equipment		**582,569**	611,638
Prepaid lease payments		**68,015**	66,976
Deposits paid for acquisition of property, plant and equipment		**21,137**	21,817
Deposit and prepayments for a life insurance policy		**50,035**	50,248
Intangible assets		**5**	10
Long-term prepayment		**21,500**	21,500
		776,221	802,879
Current assets			
Inventories		**184,387**	167,125
Trade and other receivables	*10*	**346,504**	297,779
Taxation recoverable		**1,332**	1,332
Pledged bank deposits		**10,031**	27,046
Bank balances and cash		**60,674**	69,334
		602,928	562,616
Current liabilities			
Trade and other payables	*11*	**223,246**	195,855
Amounts due to directors		**59,637**	49,623
Taxation payable		**6,041**	13,975
Obligations under finance leases – due within one year		**3,605**	3,400
Secured bank borrowings – due within one year		**330,116**	325,287
		622,645	588,140
Net current liabilities		**(19,717)**	(25,524)
Total assets less current liabilities		**756,504**	777,355

	Notes	**30.6.2017**	31.12.2016
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Obligations under finance leases			
– due after one year		**4,369**	5,686
Deferred taxation		**2,876**	3,382
Deposit received		**34,483**	33,333
		41,728	42,401
Net assets		**714,776**	734,954
Capital and reserves			
Share capital		**75,712**	75,712
Reserves		**639,064**	659,242
Total equity		**714,776**	734,954

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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.

As at 30 June 2017, the Group had net current liabilities of HK$19,717,000 (31 December 2016: HK$25,524,000) which included borrowings due within one year of HK$330,116,000 (31 December 2016: HK$325,287,000). The directors believe the existing revolving bank borrowings of HK$245,440,000 (31 December 2016: HK$245,463,000) included in the current liabilities at the end of the reporting period could be successfully renewed on maturity date. The directors also consider that it is not probable that the banks will exercise their discretion to demand immediate repayment for the term loans of HK$84,676,000 (31 December 2016: HK$79,824,000) which are subject to repayable on demand clause but not repayable within one year based on the agreed scheduled repayments set out in the loan agreements. In addition, the Group had available unutilised borrowing facilities of HK$315,981,000 (31 December 2016: HK$314,187,000) as at 30 June 2017 which will be subject to review in years of 2017 and 2018. The directors are of the opinion that the Group has a good track record and relationship with banks which enhance the Group's ability to renew the borrowing facilities upon expiry.

Taking into account of the presently available banking facilities and internally generated funds of the Group, the directors of the Company are of the view that the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the current interim period.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material impact on the amounts and/or disclosures reported 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

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 2017 (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	**101,823**	**278,874**	**3,933**	**–**	**–**	**384,630**
Inter-segment sales	**530**	**80**	**–**	**–**	**(610)**	**–**
Rental income	**–**	**–**	**–**	**1,845**	**–**	**1,845**
Total segment revenue	**102,353**	**278,954**	**3,933**	**1,845**	**(610)**	**386,475**
Segment (loss) profit	**(13,169)**	**13,209**	**(30,449)**	**3,944**	**–**	**(26,465)**
Imputed interest income from deposit placed for a life insurance policy						**551**
Interest income						**531**
Premium charges on a life insurance policy						**(753)**
Unallocated corporate expenses						**(11,460)**
Finance costs						**(7,441)**
Loss before taxation						**(45,037)**

Six months ended 30 June 2016 (unaudited)

	Household products	PVC pipes and fittings	Food waste recycling	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
Sales of goods						
External sales	132,586	273,944	3,434	–	–	409,964
Inter-segment sales	108	301	–	–	(409)	–
Rental income	–	–	–	1,954	–	1,954
Total segment revenue	132,694	274,245	3,434	1,954	(409)	411,918
Segment profit (loss)	2,006	22,421	(12,912)	1,887	–	13,402
Imputed interest income from deposit placed for a life insurance policy						539
Interest income						49
Premium charges on a life insurance policy						(744)
Unallocated corporate expenses						(11,760)
Finance costs						(8,131)
Loss before taxation						(6,645)

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

Segment (loss) profit represents the (loss) incurred or profit earned by each segment without allocation of certain administration costs, imputed interest income from deposit placed for a life insurance policy, interest income, premium charges on a life insurance policy 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

	1.1.2017 to 30.6.2017 *HK$'000* **(unaudited)**	1.1.2016 to 30.6.2016 *HK$'000* (unaudited)
Gain (loss) arising from changes in fair value of investment properties	**2,270**	(880)
Loss on disposal of property, plant and equipment	**(8,100)**	(3,022)
Net foreign exchange (loss) gain	**(10,196)**	3,425
	(16,026)	(477)

5. FINANCE COSTS

	1.1.2017 to 30.6.2017 *HK$'000* **(unaudited)**	1.1.2016 to 30.6.2016 *HK$'000* (unaudited)
Interest on:		
– bank borrowings	**7,059**	7,585
– finance leases	**227**	51
– amount due to a director	**581**	495
	7,867	8,131
Less: Amount capitalised in the cost of qualifying assets	**(426)**	–
	7,441	8,131

6. TAXATION

	1.1.2017 to 30.6.2017	1.1.2016 to 30.6.2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT")	**4,846**	6,400
Deferred taxation charge	**(492)**	897
Taxation charge for the period	**4,354**	7,297

No provision for Hong Kong Profits Tax is made as the subsidiaries operating in Hong Kong has no 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$207,877,000 (for six months ended 30 June 2016: HK$168,502,000) 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

	1.1.2017 to 30.6.2017 *HK$'000* **(unaudited)**	1.1.2016 to 30.6.2016 *HK$'000* (unaudited)
Loss for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	**5**	127
Amortisation of prepaid lease payments	**1,142**	1,202
Depreciation of property, plant and equipment	**30,508**	33,638
Impairment loss recognised on property, plant and equipment	**18,643**	–
Impairment loss recognised on trade receivables	**1,876**	1,904
and after crediting:		
Gross rental income from investment properties	**1,845**	1,954
Less: Direct operating expenses that generated rental income	**(128)**	(85)
	1,717	1,869
Bank interest income	**531**	49
Compensation income in relation to a redevelopment project (included in other income)	**10,137**	–
Imputed interest income from a deposit placed for a life insurance policy	**551**	539

8. DIVIDENDS

No final dividends in respect of the years ended 31 December 2016 and 31 December 2015 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 2016: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2017 is based on the loss for the period attributable to owners of the Company of HK$49,391,000 (for six months ended 30 June 2016: HK$13,942,000) and on weighted average number of ordinary shares of 757,117,421 (for six months ended 30 June 2016: 746,617,401) for the purpose of loss per share during the period.

The diluted loss per share for the period ended 30 June 2017 and 30 June 2016 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:

	30.6.2017 ***HK$'000*** **(unaudited)**	31.12.2016 *HK$'000* (audited)
0 – 30 days	**68,622**	68,070
31 – 60 days	**59,298**	57,142
61 – 90 days	**30,126**	31,012
91 – 180 days	**52,805**	47,907
Over 180 days	**78,314**	56,782
Trade receivables, net of allowance of doubtful debts	**289,165**	260,913
Prepayments for raw materials, deposits and other receivables	**53,513**	33,123
Prepaid lease payments	**2,308**	2,236
Deposit and prepayments for a life insurance policy	**1,518**	1,507
Total trade and other receivables	**346,504**	297,779

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:

	30.6.2017	31.12.2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**47,891**	75,753
31 – 60 days	**37,732**	25,813
61 – 90 days	**24,229**	17,373
Over 90 days	**45,042**	27,015
Total trade and bills payables	**154,894**	145,954
Other payables	**68,352**	49,901
Total trade and other payables	**223,246**	195,855

12. SHARE CAPITAL

	Number of Shares	**Amount**
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017	1,500,000,000	150,000
Issued and fully paid:		
At 1 January 2016 and 30 June 2016	746,617,401	74,662
Exercise of share options *(note)*	10,500,020	1,050
At 31 December 2016, 1 January 2017 and 30 June 2017	757,117,421	75,712

Note: During the six months ended 31 December 2016, 2,000,000 shares of HK$0.1 each were issued at HK$0.309 per share upon exercise of the share options granted on 12 November 2012 and 8,500,020 shares of HK$0.1 each were issued at HK$0.580 per share upon exercise of the share options granted on 1 September 2015 under the share option scheme of the Company adopted on 10 June 2011 by share option holders and all these shares rank pari passu with other ordinary shares of the Company in all respects.

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 2017. 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$386,475,000 for the six months ended 30 June 2017, representing a decrease of 6.2% or HK25,443,000 as compared to HK$411,918,000 of the same period last year.

- Gross profit of the Group was HK$55,671,000, representing a decrease of 18.7% or HK$12,783,000 as compared to HK$68,454,000 of the same period last year. The gross profit margin was 14.4%, representing a decrease of 2.2% as compared to 16.6% of the same period last year.

- Loss for the period was HK$49,391,000, as compared to a loss of HK$13,942,000 for the same period last year.

- Basic loss per share was HK6.52 cents, as compared to basic loss per share of HK1.87 cents for the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2017.

BUSINESS REVIEW

For the household products business, the business turnover when comparing with the same period last year had dropped for 23.2% and the business had recorded a deficit of HK$13,169,000.

For PVC pipes manufacturing business sector, the business was rather steady and the profit was HK$13,209,000.

For the feed production from food waste recycling business, the business is progressing smoothly and the business turnover slightly increased when comparing with the same period last year but still did not reach the expected standard, and a deficit before impairment loss recognised on non-current assets of HK$11,806,000 was recorded. The management performed an impairment assessment on non-current assets relating to food waste recycling business and accordingly, impairment loss of HK$18,643,000 has been recognised.

During the period under review, the gain arising from changes in fair value of investment properties was HK$2,270,000.

PROSPECTS

As the original agreement for the redevelopment of the existing land in Pingshan Shenzhen by way of urban renewal entered between the Group and the developer which had been signed for a period of 5 years and 3 months has expired, the Group had entered into a new supplemental agreement with the developer on 16th August 2017 to extend the term of the agreement. Other than the receipt of the relevant properties to be constructed on the redeveloped existing land as agreed, the Group had also successfully secured cash compensation of RMB35,000,000 and transitional compensation for a monthly payment of approximately RMB1,900,000 until the actual date of completion, and the delivery and obtaining of certificates of title of the reconstructed properties which will take approximately 6 to 7 years.

For the household products business in Pingshan Shenzhen, the business will be relocated to the Group's Zhongshan Premises so as to streamline the management structure and reduce production cost. We would also purchase new advanced machineries so as to enhance efficiency of the production and reduce manpower so that the profit margin could be improved.

For PVC pipes manufacturing business sector, we will continue our strategy to develop the business to contribute profit to the Group.

For the feed production from food waste recycling business, the implementation of government charge on the disposal of urban waste in 2019 would benefit the development of the business and generate more business opportunities to the Group.

To conclude, the prospect of the Group is bright.

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 2017, the Group had bank balances and cash and pledged bank deposits of approximately HK$70,705,000 (31.12.2016: HK$96,380,000) and had interest-bearing bank borrowings of approximately HK$330,116,000 (31.12.2016: HK325,287,000). 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 2017 amounted to HK$646,097,000; of which HK$330,116,000 of the banking facilities was utilised (utilisation rate was at 51.1%).

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 2017, the Group had current assets of approximately HK$602,928,000 (31.12.2016: HK$562,616,000). The Group's current ratio was approximately 0.97 as at 30 June 2017 as compared with approximately 0.96 as at 31 December 2016. Total shareholders' funds of the Group as at 30 June 2017 decreased by 2.7% to HK$714,776,000 (31.12.2016: HK$734,954,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2017 was 0.93 (31.12.2016: 0.86).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments, deposit and prepayments for a life insurance policy and bank deposits with an aggregate net book value of HK$278,152,000 (31.12.2016: HK$249,289,000) were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2017, the Group employed a total workforce of about 1,288 (30.6.2016: 1,542) including 1,225 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$41,830,000 (30.6.2016: HK$53,824,000). It is the Group's policy to review its employees' 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 programmes were 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 2017, 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 2017. 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 2017.

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 2017 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, 29 August 2017

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, Mr. Lee Kwok Sing Stanley and Mr. Kwong Bau To; 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, Mr. Ho Tak Kay and Mr. Shang Sze Ming.