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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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The Board of Directors (the "Board") of World Houseware (Holdings) Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 together with the comparative figures for the last corresponding year:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Turnover	*3*	**991,514**	995,434
Cost of sales		**(884,317)**	(893,371)
Gross profit		**107,197**	102,063
Other income		**7,851**	11,616
Other gains and losses	*4*	**8,127**	(7,577)
Selling and distribution costs		**(26,985)**	(18,570)
Administrative expenses		**(110,494)**	(110,541)
Impairment losses recognised on trade receivables		**(15,176)**	(4,340)
Finance costs	*5*	**(12,314)**	(10,434)
Loss before taxation		**(41,794)**	(37,783)
Taxation	*6*	**(7,094)**	(9,180)
Loss for the year	*7*	**(48,888)**	(46,963)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(29,567)**	33,314
Total comprehensive expense for the year		**(78,455)**	(13,649)

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(48,884)**	(46,960)
Non-controlling interests		**(4)**	(3)
		(48,888)	(46,963)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(78,451)**	(13,646)
Non-controlling interests		**(4)**	(3)
		(78,455)	(13,649)
Loss per share	*9*		
Basic and diluted (HK cents per share)		**(7.23)**	(6.94)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment properties		**30,130**	28,930
Property, plant and equipment		**747,490**	675,925
Prepaid lease payments		**79,779**	84,283
Deposits paid for acquisition of property, plant and equipment		**8,337**	31,404
Deposit and prepayments for a life insurance policy	*10*	**51,098**	–
Intangible assets		**583**	1,040
Long-term prepayment		**21,500**	21,500
		938,917	843,082
Current assets			
Inventories		**216,386**	263,305
Trade and other receivables	*11*	**294,458**	289,970
Taxation recoverable		**541**	43
Pledged bank deposits		**8,489**	8,297
Bank balances and cash		**48,656**	82,855
		568,530	644,470
Current liabilities			
Trade and other payables	*12*	**212,858**	208,201
Amounts due to directors		**36,827**	21,982
Taxation payable		**6,760**	6,381
Bank borrowings – amount due within one year		**322,186**	227,001
		578,631	463,565
Net current (liabilities) assets		**(10,101)**	180,905
Total assets less current liabilities		**928,816**	1,023,987

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Bank borrowings – amount due after one year		**–**	15,729
Deferred taxation		**4,693**	4,723
Deposit received		**37,406**	38,363
		42,099	58,815
		886,717	965,172
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**819,097**	897,548
Equity attributable to owners of the Company		**886,739**	965,190
Non-controlling interests		**(22)**	(18)
		886,717	965,172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

As at 31 December 2014, the Group had net current liabilities of HK$10,101,000 which included borrowings due within one year of HK$322,186,000. The directors believe the existing revolving bank borrowings of HK$204,732,000 included in the current liabilities at the end of the reporting period could be successfully renewed on maturity date. The directors also do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment for the term loans of HK$117,454,000 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$326,599,000 as at 31 December 2014 which will be subject to review in years of 2015 and 2016. 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 consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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 year has had to material impact on the Group's financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued by the HKICPA but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
Amendments to HKAS 1	Disclosure initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16, and HKAS 41	Agriculture: Bearer plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKAS 27	Equity method in separate financial statements[5]
Amendments to HKAS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKAS 10 HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[6]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[5]

1 *Effective for annual periods beginning on or after 1 January 2018.*

2 *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*

3 *Effective for annual periods beginning on or after 1 January 2017.*

4 *Effective for annual periods beginning on or after 1 July 2014.*

5 *Effective for annual periods beginning on or after 1 January 2016.*

6 *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.*

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. This is also the basis upon which the Group is arranged and organised.

Specifically, the Group's reportable and operating 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 year ended 31 December 2014, a newly reportable segment, food waste recycling business, has been presented as separate segment because the respective segment result exceeds the quantitative thresholds in accordance with HKFRS 8 "Operating Segments".

Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable and operating segments.

For the year ended 31 December 2014

	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	**354,411**	**634,599**	**–**	**–**	**–**	**989,010**
Inter-segment sales	**380**	**239**	**–**	**–**	**(619)**	**–**
Rental income	**–**	**–**	**–**	**2,504**	**–**	**2,504**
Total	**354,791**	**634,838**	**–**	**2,504**	**(619)**	**991,514**
Segment (loss) profit	**(15,253)**	**14,556**	**(6,783)**	**3,504**	**–**	**(3,976)**
Imputed interest income from deposit placed for a life insurance policy						**349**
Interest income						**286**
Premium charges on a life insurance policy						**(366)**
Unallocated corporate expenses						**(25,773)**
Finance costs						**(12,314)**
Loss before taxation						**(41,794)**

Inter-segment sales are charged at cost plus certain mark-up.

For the year ended 31 December 2013

	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	387,263	605,955	–	–	–	993,218
Inter-segment sales	548	555	–	–	(1,103)	–
Rental income	–	–	–	2,216	–	2,216
Total	387,811	606,510	–	2,216	(1,103)	995,434
Segment (loss) profit	(23,885)	21,779	(4,221)	4,380	–	(1,947)
Gain arising from changes in fair value of derivative financial instruments						2,943
Interest income						1,303
Unallocated corporate expenses						(29,648)
Finance costs						(10,434)
Loss before taxation						(37,783)

Inter-segment sales are charged at cost plus certain mark-up.

Segment (loss) profit represents the (loss) incurred/profit earned by each segment without allocation of central administration costs, gain arising from changes in fair value of derivative financial instruments, 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.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

At 31 December 2014

	Household products *HK$'000*	**PVC pipes and fittings** *HK$'000*	**Food waste recycling** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Assets					
Segment assets	**398,695**	**738,594**	**159,285**	**30,130**	**1,326,704**
Unallocated assets					**180,743**
Consolidated total assets					**1,507,447**
Liabilities					
Segment liabilities	**101,254**	**143,860**	**2,846**	**–**	**247,960**
Unallocated liabilities					**372,770**
Consolidated total liabilities					**620,730**

At 31 December 2013

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Assets					
Segment assets	472,682	770,717	51,141	28,930	1,323,470
Unallocated assets					164,082
Consolidated total assets					1,487,552
Liabilities					
Segment liabilities	96,583	147,660	–	–	244,243
Unallocated liabilities					278,137
Consolidated total liabilities					522,380

For the purposes of monitoring segment performances and allocating resources among segments:

– all assets are allocated to operating segments other than deposit and repayments for a life insurance policy, taxation recoverable, pledged bank deposits, bank balances and cash as well as deposits and leasehold land and buildings where such buildings are provided to group directors as residential accommodation.

– all liabilities are allocated to operating segments other than amounts due to directors, taxation payable, bank borrowings, deferred taxation, bonus payable and accruals of administrative expenses in head office.

Other segment information

For the year ended 31 December 2014

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment (loss) profit or segment assets:							
Addition to non-current assets	**11,977**	**18,161**	**119,277**	**–**	**149,415**	**–**	**149,415**
Depreciation	**20,627**	**30,861**	**819**	**–**	**52,307**	**1,939**	**54,246**
Amortisation of intangible assets	**438**	**–**	**–**	**–**	**438**	**–**	**438**
Amortisation of prepaid lease payments	**1,109**	**1,422**	**–**	**–**	**2,531**	**–**	**2,531**
Impairment loss (reversed) recognised on trade receivables	**(127)**	**15,303**	**–**	**–**	**15,176**	**–**	**15,176**
Impairment loss recognised on other receivables	**682**	**913**	**–**	**460**	**2,055**	**–**	**2,055**
Net foreign exchange (gain) loss	**(8,557)**	**1,132**	**–**	**–**	**(7,425)**	**–**	**(7,425)**
Loss (gain) on disposal of property, plant and equipment	**620**	**(122)**	**–**	**–**	**498**	**–**	**498**
Gain arising from changes in fair value of investment properties	**–**	**–**	**–**	**(1,200)**	**(1,200)**	**–**	**(1,200)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:							
Imputed interest income from deposit placed for a life insurance policy	**–**	**–**	**–**	**–**	**–**	**(349)**	**(349)**
Interest income	**(207)**	**(79)**	**–**	**–**	**(286)**	**–**	**(286)**
Interest expenses	**8,474**	**3,840**	**–**	**–**	**12,314**	**–**	**12,314**
Income tax expenses	**(660)**	**7,754**	**–**	**–**	**7,094**	**–**	**7,094**
Premium charges on a life insurance policy	**–**	**–**	**–**	**–**	**–**	**366**	**366**

For the year ended 31 December 2013

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment (loss) profit or segment assets:							
Addition to non-current assets	36,075	30,110	–	–	66,185	–	66,185
Depreciation	21,189	30,479	–	–	51,668	1,939	53,607
Amortisation of intangible assets	439	–	–	–	439	–	439
Amortisation of prepaid lease payments	1,107	1,426	–	–	2,533	–	2,533
Impairment loss (reversed) recognised on trade receivables	(54)	4,394	–	–	4,340	–	4,340
Impairment loss recognised on other receivables	385	–	–	–	385	–	385
Net foreign exchange loss	7,025	685	–	–	7,710	–	7,710
Loss on disposal of property, plant and equipment	4,604	486	–	–	5,090	–	5,090
Gain arising from changes in fair value of investment properties	–	–	–	(2,280)	(2,280)	–	(2,280)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:							
Interest income	(1,089)	(214)	–	–	(1,303)	–	(1,303)
Interest expenses	6,706	3,728	–	–	10,434	–	10,434
Income tax expenses	2,250	6,930	–	–	9,180	–	9,180

Geographical information

More than 90% of the sales of the Group's PVC pipes and fittings made to customers were in the PRC. The Group's operations of household products are principally located in United States of America, Asia and Europe.

The Group's revenue from household products from external customers by geographical location of the customers are detailed below:

	Revenue from external customers	
	2014	2013
	HK$'000	*HK$'000*
United States of America	**326,403**	355,999
Asia	**4,594**	5,511
Europe	**2,476**	2,574
Other areas	**20,938**	23,179
Total sales of household products	**354,411**	387,263

More than 90% of the Group's non-current assets are located in the PRC. Accordingly, no non-current assets by geographical location is presented.

Information about major customers

During the year ended 31 December 2014, one customer in household products segment contributed HK$102,920,000 (2013: HK$106,739,000), which is over 10%, of the Group's external revenue.

4. OTHER GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Gain arising from changes in fair value of investment properties	**1,200**	2,280
Gain arising from changes in fair value of derivative financial instruments	**–**	2,943
Loss on disposal of property, plant and equipment	**(498)**	(5,090)
Net foreign exchange gain (loss)	**7,425**	(7,710)
	8,127	(7,577)

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank borrowings		
– wholly repayable within five years	**13,869**	11,731
– not wholly repayable within five years	**153**	–
Interest on amount due to a director	**36**	–
	14,058	11,731
Less: amounts capitalised in the cost of qualifying assets	**(1,744)**	(1,297)
	12,314	10,434

6. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– charge for the year	**9**	11
– (over)underprovision in prior years	**(740)**	2,464
	(731)	2,475
PRC Enterprise Income Tax ("EIT")	**7,754**	6,930
	7,023	9,405
Deferred taxation credit	**71**	(225)
	7,094	9,180

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

7. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Directors' emoluments	**20,568**	19,674
Other staff's salaries and wages	**125,058**	121,361
Other staff's retirement benefit scheme contributions	**7,119**	8,143
Total staff costs	**152,745**	149,178
Amortisation of intangible assets (included in cost of sales)	**438**	439
Amortisation of prepaid lease payments	**2,531**	2,533
Auditors' remuneration	**2,530**	2,500
Cost of inventories recognised as an expense	**884,317**	893,371
Depreciation of property, plant and equipment	**54,246**	53,607
Impairment loss recognised on trade receivables	**15,176**	4,340
Impairment loss recognised on other receivables	**2,055**	385
Operating lease rentals in respect of rented premises	**2,187**	2,260
and after crediting:		
Gross rental income from investment properties	**2,504**	2,216
Less: Direct operating expenses that generated rental income	**(200)**	(117)
	2,304	2,099
Bank interest income	**286**	1,303
Imputed interest income from deposit placed for a life insurance policy	**349**	–
Reversal of allowance for inventories obsolescence *(note a)*	**157**	–

Notes:

a. Reversal of allowance for inventories obsolescence has been recognised in 2014 due to realisation and subsequent usage of the relevant inventories and such amount has been included in cost of sales in the consolidated statement of profit or loss and other comprehensive income.

8. DIVIDENDS

No final dividend was paid or proposed during both years ended 31 December 2014 and 31 December 2013, nor has dividend been proposed since the end of both reporting periods.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Loss for the purposes of calculating basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(48,884)**	(46,960)

Number of shares

	2014	2013
	HK$'000	*HK$'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**676,417,401**	676,417,401

The diluted loss per share for the year ended 31 December 2014 and 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. DEPOSIT AND PREPAYMENTS FOR A LIFE INSURANCE POLICY

In June 2014, a subsidiary of the Company entered into a life insurance policy (the "Policy") to insure a director of the Company, Mrs. Fung Mei Po. Under the policy, the beneficiary and policy holder is a subsidiary of the Company and the total insured sum is USD20,000,000 (equivalent to HK$155,000,000). At inception of the Policy, the Group paid an upfront payment of USD6,785,000 (equivalent to HK$52,587,000). The Group can terminate the policy at any time and can receive cash back based on the net nominal account value of the Policy at the date of withdrawal. The Group receives an interest at interest rates guaranteed by the insurer. As at 31 December 2014, deposit and prepayments for a life insurance policy amounting to HK$51,098,000 and HK$1,472,000, totaling HK$52,570,000, are classified as non-current assets and current assets, respectively.

The directors of the Company expected that the Policy will be terminated at the 10th policy year in 2024 and there will be a specified surrender charge of USD749,000 (equivalent to HK$5,805,000) in accordance with the Policy. The expected life of the Policy remained unchanged from the date of initial recognition and the directors of the Company considered that the financial impact of the option to terminate the policy was not significant.

The effective interest rate of the deposit is 2.11% per annum which was determined on initial recognition by discounting the estimated future cash receipts through the expected life of the Policy of 10 years. While the premium charges and prepaid premium will be amortised to profit or loss through the expected life of the Policy of 10 years.

As at 31 December 2014, the life insurance was pledged to a bank to secure general banking facilities granted to the Group.

11. TRADE AND OTHER RECEIVABLES

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

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**87,499**	87,698
31 – 60 days	**51,371**	59,164
61 – 90 days	**35,552**	35,739
91 – 180 days	**54,374**	34,676
Over 180 days	**39,961**	32,040
Trade receivables, net of allowance for doubtful debts	**268,757**	249,317
Prepayments for raw materials, deposits and other receivables	**21,736**	38,100
Prepaid lease payments	**2,493**	2,553
Deposit and prepayments for a life insurance policy	**1,472**	–
Total trade and other receivables	**294,458**	289,970

The Group allows credit periods ranging from 30 days to 180 days, depending on the products sold, to its trade customers. Trade and other receivables are unsecured and interest-free.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$137,275,000 (2013: HK$112,001,000) which are past due at the reporting date for which the Group had not provided for impairment loss as these receivables are either subsequently settled or due from certain major customers with no history of default and have strong financial background and good creditability. The Group does not hold any collateral over these balances.

Aging of trade receivables based on the invoice date which are past due but not impaired

	2014	2013
	HK$'000	*HK$'000*
31 – 60 days	**17,798**	15,415
61 – 90 days	**25,142**	29,870
91 – 180 days	**54,374**	34,676
Over 180 days	**39,961**	32,040
	137,275	112,001

Based on the payment pattern of the customers of the Group, trade receivables which are past due but not impaired are generally collectable. Allowance on doubtful debts recognised for 2013 and 2014 are based on estimated irrecoverable amounts by reference to financial background, creditability of individual customers, past default experience, subsequent settlement and payment history of the customers. Full provision has been made for individual trade receivables aged over one year with no subsequent settlement as historical evidence shows that such receivables are generally not recoverable, or individual trade receivables which has either been placed under liquidation or in severe financial difficulties.

Movement in the allowance for doubtful debts

	2014	2013
	HK$'000	*HK$'000*
1 January	**62,229**	56,278
Currency realignment	**(1,798)**	1,611
Impairment losses recognised on trade receivables	**15,176**	4,340
31 December	**75,607**	62,229

12. TRADE AND OTHER PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**40,639**	60,403
31 – 60 days	**23,977**	50,270
61 – 90 days	**26,679**	19,259
Over 90 days	**53,628**	18,061
Total trade and bills payables	**144,923**	147,993
Other payables	**67,935**	60,208
Total trade and other payables	**212,858**	208,201

The following is an analysis of the Group's other payables at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
Accrued expenses	**11,269**	7,741
Receipt in advance	**29,721**	30,857
Wages and bonus payable	**12,328**	12,142
Payable on acquisition of property, plant and equipment	**2,371**	477
Payable on acquisition of land use rights	**2,062**	2,114
Value-added tax payables	**2,343**	309
Property tax and other tax payables	**2,841**	3,591
Others	**5,000**	2,977
	67,935	60,208

The average credit period on purchases of goods is 90 days.

FINAL DIVIDEND

The directors resolved not to recommend the payment of final dividend for the year ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

- The Group recorded a turnover of HK$991,514,000 for the year ended 31 December 2014, representing a decrease of 0.4% as compared to the same period last year.

- Gross profit and gross profit margin of the Group recorded were HK$107,197,000 and 10.8%, representing an increase of HK$5,134,000 and an increase of 5% respectively as compared to the same period last year.

- Loss for the year was HK$48,888,000, as compared to a loss of HK$46,963,000 for the same period last year.

- Basic loss per share was 7.23 HK cents, as compared to loss per share of 6.94 HK cents for the same period last year.

BUSINESS REVIEW

For the year ended 31 December 2014, the Group recorded a consolidated turnover of HK$991,514,000, representing a decrease of 0.4% from HK$995,434,000 last year. Gross profit and gross profit margin were HK$107,197,000 and 10.8 % respectively. Loss for the year was HK$48,888,000.

The slow recovery of the world economy, the adverse business environment of the manufacturing industry of PRC and the immense increase of labour cost all made the year of 2014 a challenging year.

For houseware products business, due to severe competition, the business faced with immense business pressure. The business turnover this year was HK$354,411,000, representing a drop for 8.5% when comparing with HK$387,263,000 last year.

For the PVC pipes and fittings, the business still faced with severe competition. However, as the Group had tried very hard to promote the business, the business turnover this year is HK$634,599,000, representing an increase of 4.7% when comparing with HK$605,955,000 last year and the business remained profitable.

During the year under review, the turnover of property investment amounted to HK$2,504,000, representing an increase of 13% from HK$2,216,000 of the same period last year. Gain arising from fair value changes of investment properties was HK$1,200,000.

PROSPECTS

Looking to 2015, due to the adjustment of economic structure and corporate reshuffling in PRC, the business environment of traditional Chinese manufacturing business is still not optimistic. However, the Group will strive to maintain the healthy development of the household products and PVC pipes and fittings business by improving the internal management and streamlining the production process to reduce the production cost so as to enhance the overall competitiveness of the Group.

In future, the Group will focus on the environmental recycling and reborn resources business. The food waste recycling projects are the Group's major development segment in 2015. The recycling business in Ecopark Phase 2 in Tuen Mun has commenced operation in early 2015 and the Group will greatly expand this high technology recycling and reborn resources business and it is expected that it will generate good return for the Group.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, term loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 31 December 2014, the Group had bank balances and cash and pledged bank deposits of approximately HK$57,145,000 (31.12.2013: HK$91,152,000) and had interest-bearing bank borrowings of approximately HK$322,186,000 (31.12.2013: HK$242,730,000). The Group's interest-bearing bank borrowings was mainly computed at Hong Kong Inter-Bank Offering Rate plus a margin. The Group's total banking facilities available as at 31 December 2014 amounted to HK$729,193,000; of which HK$322,186,000 of the banking facilities was utilised (utilisation rate was at 44.2%).

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 31 December 2014, the Group had current assets of approximately HK$568,530,000 (31.12.2013: HK$644,470,000). The Group's current ratio was approximately 0.98 as at 31 December 2014 as compared with approximately 1.39 as at 31 December 2013. Total shareholders' funds of the Group as at 31 December 2014 decrease by 8.1% to HK$886,717,000 (31.12.2013: HK$965,172,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2014 was 0.7 (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$257,165,000 (31.12.2013: HK$181,320,000) were pledged to banks for general banking facilities granted to the Group.

In addition, the Group pledged the life insurance to a bank to secure general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 31 December 2014, the Group employed a total workforce of about 1,869 (31.12.2013: 2,021) including 1,824 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$132,177,000 (31.12.2013: HK$129,504,000). 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 year ended 31 December 2014, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 June 2015 to 9 June 2015 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the forthcoming annual general meeting of the Company on 9 June 2015, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, at Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 June 2015.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2014.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 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 ANNUAL REPORT

The 2014 Annual 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 Exchange 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, 24 March 2015

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 is 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. Ho Tak Kay, Mr. Hui Chi Kuen Thomas and Mr. Shang Sze Ming.