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 2016

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 2016 together with the comparative figures for the corresponding period in 2015:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	**1.1.2016 to 30.6.2016** ***HK$'000*** **(unaudited)**	1.1.2015 to 30.6.2015 *HK$'000* (unaudited)
Turnover	*3*	**411,918**	440,663
Cost of sales		**(343,464)**	(381,610)
Gross profit		**68,454**	59,053
Other income		**8,667**	6,110
Other gains and losses	*4*	**(477)**	1,191
Selling and distribution costs		**(16,958)**	(13,226)
Administrative expenses		**(58,200)**	(61,356)
Finance costs	*5*	**(8,131)**	(7,372)
Loss before taxation		**(6,645)**	(15,600)
Taxation	*6*	**(7,297)**	(5,189)
Loss for the period	*7*	**(13,942)**	(20,789)

	Notes	**1.1.2016 to 30.6.2016** *HK$'000* **(unaudited)**	1.1.2015 to 30.6.2015 *HK$'000* (unaudited)
Other comprehensive (expense) income:			
Item that may be subsequently reclassified to profit or loss;			
Exchange differences arising on translation of foreign operations		**(13,968)**	1,327
Total comprehensive expense for the period		**(27,910)**	(19,462)
Loss per share			
Basic and diluted	*9*	**HK(1.87) cents**	HK(3.05) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	30.6.2016 HK$'000 (unaudited)	31.12.2015 HK$'000 (audited)
Non-current assets			
Investment properties		**29,430**	30,310
Property, plant and equipment		**661,327**	698,226
Prepaid lease payments		**71,279**	73,350
Deposits paid for acquisition of property, plant and equipment		**13,260**	10,340
Deposit and prepayments for a life insurance policy		**50,457**	50,671
Intangible assets		**18**	144
Long-term prepayment		**21,500**	21,500
		847,271	884,541
Current assets			
Inventories		**207,976**	188,348
Trade and other receivables	*10*	**316,974**	335,460
Taxation recoverable		**1,342**	1,342
Pledged bank deposits		**29,425**	32,061
Bank balances and cash		**17,342**	39,935
		573,059	597,146
Current liabilities			
Trade and other payables	*11*	**198,709**	226,351
Amounts due to directors		**45,197**	34,192
Taxation payable		**7,560**	12,273
Obligations under finance leases – due within one year		**1,984**	473
Bank borrowings		**330,035**	346,663
		583,485	619,952
Net current liabilities		**(10,426)**	(22,806)
Total assets less current liabilities		**836,845**	861,735

	Notes	**30.6.2016**	31.12.2015
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Obligations under finance leases			
– due after one year		**4,404**	1,815
Deferred taxation		**6,191**	5,306
Deposit received		**34,965**	35,419
		45,560	42,540
Net assets		**791,285**	819,195
Capital and reserves			
Share capital	*12*	**74,662**	74,662
Reserves		**716,623**	744,533
Total equity		**791,285**	819,195

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 2016, the Group had net current liabilities of HK$10,426,000 (31 December 2015 HK$22,806,000) which included borrowings due within one year of HK$330,035,000 (31 December 2015: HK$346,663,000). The directors believe the existing revolving bank borrowings of HK$253,551,000 (31 December 2015: HK$244,019,000) 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$76,484,000 (31 December 2015: HK$102,644,000) 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$409,869,000 (31 December 2015: HK$382,307,000) as at 30 June 2016 which will be subject to review in years of 2016 and 2017. 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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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 Accountant that are mandatorily effective for the current interim period.

Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interest in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants

The application of the above amendments to HKFRSs in the current interim period has had no material effect 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 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.

Six months ended 30 June 2015 (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	157,432	279,671	2,210	–	–	439,313
Inter-segment sales	202	354	–	–	(556)	–
Rental income	–	–	–	1,350	–	1,350
Total segment revenue	157,634	280,025	2,210	1,350	(556)	440,663
Segment (loss) profit	(6,774)	13,616	(6,619)	2,307	–	2,530
Imputed interest income from deposit placed for a life insurance policy						528
Interest income						82
Premium charges on a life insurance policy						(735)
Unallocated corporate expenses						(10,633)
Finance costs						(7,372)
Loss before taxation						(15,600)

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

Segment profit (loss) represents the profit earned/(loss) incurred 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

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) gain arising from changes in fair value of investment properties	**(880)**	1,410
Loss on disposal of property, plant and equipment	**(3,022)**	(104)
Net foreign exchange gain (loss)	**3,425**	(115)
	(477)	1,191

5. FINANCE COSTS

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on:		
– bank borrowings	**7,585**	7,487
– finance leases	**51**	–
– amount due to a director	**495**	492
	8,131	7,979
Less: Amounts capitalised in the cost of qualifying assets	**–**	(607)
	8,131	7,372

6. TAXATION

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**6,400**	4,906
Deferred taxation charge	**897**	283
Taxation charge for the period	**7,297**	5,189

No provision for Hong Kong Profits Tax has been made as the subsidiaries operating in Hong Kong have no assessable profits 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$168,502,000 (for six months ended 30 June 2015: HK$131,881,000) 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

	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015
	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)	**127**	217
Amortisation of prepaid lease payments	**1,202**	1,252
Depreciation of property, plant and equipment	**33,638**	30,150
Impairment loss recognised on trade receivables	**1,904**	4,962
and after crediting:		
Gross rental income from investment properties	**1,954**	1,350
Less: Direct operating expenses that generated rental income	**(85)**	(41)
	1,869	1,309
Bank interest income	**49**	82
Imputed interest income from a deposit placed for a life insurance policy	**539**	528

8. DIVIDENDS

No final dividends in respect of the year ended 31 December 2015 and 31 December 2014 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 2015: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK$13,942,000 (for six months ended 30 June 2015: HK$20,789,000) and on weighted average number of ordinary shares of 746,617,401 (for six months ended 30 June 2015: 680,461,600) for the purpose of loss per share during the period.

The diluted loss per share for the period ended 30 June 2016 and 30 June 2015 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:

	30.6.2016	31.12.2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**66,540**	83,387
31 – 60 days	**54,500**	95,908
61 – 90 days	**35,111**	10,918
91 – 180 days	**51,097**	58,308
Over 180 days	**58,073**	49,319
Trade receivables, net of allowance of doubtful debts	**265,321**	297,840
Prepayments for raw materials, deposits and other receivables	**47,842**	33,764
Prepaid lease payments	**2,339**	2,367
Deposit and prepayments for a life insurance policy	**1,472**	1,489
Total trade and other receivables	**316,974**	335,460

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:

	30.6.2016	31.12.2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**41,090**	82,567
31 – 60 days	**33,355**	32,790
61 – 90 days	**21,643**	13,892
Over 90 days	**36,515**	34,134
Total trade payables	**132,603**	163,383
Other payables	**66,106**	62,968
Total trade and other payables	**198,709**	226,351

12. SHARE CAPITAL

The movement of share capital of the Company are as follows:

	Number of Shares	Amount
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2015, 30 June 2015, 1 January 2016 and 30 June 2016	1,500,000,000	150,000
Issued and fully paid:		
At 1 January 2015	676,417,401	67,642
Exercise of share options *(note a)*	59,000,000	5,900
At 30 June 2015	735,417,401	73,542
Exercise of share options *(note b)*	11,200,000	1,120
At 31 December 2015, 1 January 2016 and 30 June 2016	746,617,401	74,662

Notes:

(a) During the period ended 30 June 2015, 33,500,000 shares of HK$0.1 each were issued at HK$0.237 per share upon exercise of the share options granted on 24 October 2011 and 25,500,000 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 under the share option scheme of the Company adopted on 10 June 2011 (the "Scheme") by share option holders and all these shares rank pari passu with other ordinary shares of the Company in all respects.

(b) During the period ended 31 December 2015, 8,600,000 shares of HK$0.1 each were issued at HK$0.237 per share upon exercise of the share options granted on 24 October 2011 and 2,600,000 shares of HK$0.1 each granted on 12 November 2012 under the Scheme by share option holders and all these shares rank par 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 2016. 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$411,918,000 for the six months ended 30 June 2016, representing a decrease of 6.5% or HK28,745,000 as compared to HK$440,663,000 of the same period last year.

- Gross profit of the Group was HK$68,454,000, representing an increase of 15.9% or HK$9,401,000 as compared to HK$59,053,000 of the same period last year. The gross profit margin was 16.6%, representing an increase of 3.2% as compared to 13.4% of the same period last year.

- Loss for the period was HK$13,942,000, as compared to a loss of HK$20,789,000 for the same period last year.

- Basic loss per share was HK1.87 cents, as compared to basic loss per share of HK3.05 cents of the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2016.

BUSINESS REVIEW

During the period under review, the Group continued its business in the area of household products, PVC pipes manufacturing and environmental feed production from food waste recycling business.

For the household products business, as the world market is still very fragile, the business turnover when comparing with same period last year had dropped by 15.8%. As the Group had tried very hard to control the production cost, the result was better than the same period last year.

For PVC pipes manufacturing sector, the business is developing steadily and profits were recorded.

For the feed production from food waste recycling business, the turnover when comparing with the same period last year had increased by 55.4%. As the business is a new project involving innovative technology, the investment in the plant and machineries is huge and the operation costs are high. Although the business turnover and the volume of food waste recycling are increasing continuously, it did not reach the standard as expected by the Group and still need more time to get the recognition and support from the industry.

During the period under review, the loss arising from changes in fair value of investment property was HK$880,000.

PROSPECTS

Looking to the future, the development of the Group is still full of challenges. The business environment for household products and PVC pipes manufacturing business is still difficult. However, given that business goodwill developed over the past years, couple with the effort of the management team, it is expected that the businesses will continue to develop steadily

For the Group's environment feed production from food waste recycling business, there is huge room for future development. Given the support of the environmental policy of the government, the recognition, and cooperation of various environmental organizations, social and commercial sectors, and the best endeavour of the Group for this business, we are confident there is a bright future for this business.

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 2016, the Group had bank balances and cash and pledged bank deposits of approximately HK$46,767,000 (31.12.2015: HK$71,996,000) and had interest-bearing bank borrowings of approximately HK$330,035,000 (31.12.2015: HK346,663,000). 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 2016 amounted to HK$739,904,000; of which HK$330,035,000 of the banking facilities was utilised (utilisation rate was at 44.6%).

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 2016, the Group had current assets of approximately HK$573,059,000 (31.12.2015: HK$597,146,000). The Group's current ratio was approximately 0.98 as at 30 June 2016 as compared with approximately 0.96 as at 31 December 2015. Total shareholders' funds of the Group as at 30 June 2016 decreased by 3.4% to HK$791,285,000 (31.12.2015: HK$819,195,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2016 was 0.79 (31.12.2015: 0.81).

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$326,035,000 (31.12.2015: HK$313,624,000) were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2016, the Group employed a total workforce of about 1,542 (30.6.2015: 1,872) including 1,474 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$53,824,000 (30.6.2015: HK$63,330,000). 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 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 2016, 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 2016. 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 2016.

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 2016 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, 22 August 2016

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.