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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 2016

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 2016 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 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Turnover	*3*	**855,195**	993,965
Cost of sales		**(710,463)**	(848,824)
Gross profit		**144,732**	145,141
Other income		**9,607**	14,355
Other gains and losses	*4*	**12,040**	10,424
Selling and distribution costs		**(40,952)**	(35,179)
Administrative expenses		**(119,934)**	(131,123)
Impairment losses recognised on trade receivables		**(3,834)**	(14,723)
Finance costs	*5*	**(14,149)**	(14,671)
Loss before taxation		**(12,490)**	(25,776)
Taxation	*6*	**(14,060)**	(15,788)
Loss for the year	*7*	**(26,550)**	(41,564)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(63,239)**	(55,049)
Total comprehensive expense for the year		**(89,789)**	(96,613)

	Notes	2016 HK$'000	2015 HK$'000
Loss for the year attributable to owners of the Company		**(26,550)**	(41,564)
Total comprehensive expense for the year attributable to owners of the Company		**(89,789)**	(96,613)
Loss per share	*9*		
Basic and diluted (HK cents per share)		**(3.72)**	(5.84)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Investment properties		**30,690**	30,310
Property, plant and equipment		**611,638**	698,226
Prepaid lease payments		**66,976**	73,350
Deposits paid for acquisition of property, plant and equipment		**21,817**	10,340
Deposit and prepayments for a life insurance policy	*10*	**50,248**	50,671
Intangible assets		**10**	144
Long-term prepayment		**21,500**	21,500
		802,879	884,541
Current assets			
Inventories		**167,125**	188,348
Trade and other receivables	*11*	**297,779**	335,460
Taxation recoverable		**1,332**	1,342
Pledged bank deposits		**27,046**	32,061
Bank balances and cash		**69,334**	39,935
		562,616	597,146
Current liabilities			
Trade and other payables	*12*	**195,855**	226,351
Amounts due to directors		**49,623**	34,192
Taxation payable		**13,975**	12,273
Obligations under finance leases – due within one year		**3,400**	473
Secured bank borrowings – due within one year		**325,287**	346,663
		588,140	619,952
Net current liabilities		**(25,524)**	(22,806)
Total assets less current liabilities		**777,355**	861,735

	Notes	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Obligations under finance leases			
– due after one year		**5,686**	1,815
Deferred taxation		**3,382**	5,306
Deposit received		**33,333**	35,419
		42,401	42,540
Net assets		**734,954**	819,195
Capital and reserves			
Share capital		**75,712**	74,662
Reserves		**659,242**	744,533
Total equity		**734,954**	819,195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 and by the Hong Kong Companies Ordinance.

As at 31 December 2016, the Group had loss for the year HK$26,550,000 (2015: HK$41,564,000) and net current liabilities of HK$25,524,000 (2015: HK$22,806,000) which included borrowings due within one year of HK$325,287,000 (2015: HK$346,663,000). The directors believe the existing revolving bank borrowings of HK$245,463,000 (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$79,824,000 (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$314,187,000 (2015: HK$382,307,000) as at 31 December 2016 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 consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

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
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

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issue but not yet effective

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 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 - 2016 cycle[4]
Amendments to HKAS 7	Disclosure initiative[5]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[5]

[1] *Effective for annual periods beginning on or after 1 January 2018.*
[2] *Effective for annual periods beginning on or after 1 January 2019.*
[3] *Effective for annual periods beginning on or after a date to be determined.*
[4] *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*
[5] *Effective for annual periods beginning on or after 1 January 2017.*

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is:

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, the application of HKFRS 9 in the future may have an impact on the classification and measurement of the Group's financial assets. In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 "Revenue from contracts with customers"

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.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, but will not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Company currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Company has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Company is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Company presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$34,560,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed reviews.

The directors of the Company anticipate that the application of other new and amendments to 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 "Operating segment" 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

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 2016

	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	**251,627**	**592,142**	**7,517**	**–**	**–**	**851,286**
Inter-segment sales	**143**	**521**	**–**	**–**	**(664)**	**–**
Rental income	**–**	**–**	**–**	**3,909**	**–**	**3,909**
Total	**251,770**	**592,663**	**7,517**	**3,909**	**(664)**	**855,195**
Segment profit (loss)	**2,888**	**45,207**	**(23,696)**	**4,289**	**–**	**28,688**
Imputed interest income from a deposit placed for a life insurance policy						**1,084**
Interest income						**83**
Premium charges on a life insurance policy						**(1,489)**
Unallocated corporate expenses						**(26,707)**
Finance costs						**(14,149)**
Loss before taxation						**(12,490)**

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

For the year ended 31 December 2015

	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	323,882	661,485	5,648	–	–	991,015
Inter-segment sales	795	307	–	–	(1,102)	–
Rental income	–	–	–	2,950	–	2,950
Total	324,677	661,792	5,648	2,950	(1,102)	993,965
Segment (loss) profit	(11,382)	41,446	(15,374)	2,920	–	17,610
Imputed interest income from a deposit placed for a life insurance policy						1,062
Interest income						144
Premium charges on a life insurance policy						(1,472)
Unallocated corporate expenses						(28,449)
Finance costs						(14,671)
Loss before taxation						(25,776)

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

Segment profit (loss) represents the profit earned/(loss) incurred by each segment without allocation of central administration costs, imputed interest income from a 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 2016

	Household products *HK$'000*	**PVC pipes and fittings** *HK$'000*	**Food waste recycling** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Assets					
Segment assets	**316,592**	**634,136**	**168,066**	**30,690**	**1,149,484**
Unallocated assets					**216,011**
Consolidated total assets					**1,365,495**
Liabilities					
Segment liabilities	**71,402**	**150,302**	**4,137**	**–**	**225,841**
Unallocated liabilities					**404,700**
Consolidated total liabilities					**630,541**

At 31 December 2015

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Assets					
Segment assets	360,630	718,739	178,417	30,310	1,288,096
Unallocated assets					193,591
Consolidated total assets					1,481,687
Liabilities					
Segment liabilities	96,323	160,919	3,458	–	260,700
Unallocated liabilities					401,792
Consolidated total liabilities					662,492

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, obligations under finance leases, deferred taxation, bonus payable and accruals of administrative expenses in head office.

Other segment information

For the year ended 31 December 2016

	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 profit (loss) or segment assets:							
Addition to non-current assets	7,336	10,301	3,235	–	20,872	–	20,872
Depreciation	17,299	32,665	15,085	–	65,049	1,939	66,988
Amortisation of intangible assets	134	–	–	–	134	–	134
Amortisation of prepaid lease payments	983	1,398	–	–	2,381	–	2,381
(Reversal) impairment loss recognised on trade receivables	(207)	4,041	–	–	3,834	–	3,834
Impairment loss recognised on other receivables	789	6,684	–	–	7,473	–	7,473
Allowance for inventories obsolescence	–	359	–	–	359	–	359
Net foreign exchange gain	(13,265)	(4,381)	–	–	(17,646)	–	(17,646)
Loss on disposal of property, plant and equipment	1,082	4,904	–	–	5,986	–	5,986
Gain arising from changes in fair value of investment properties	–	–	–	(380)	(380)	–	(380)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit (loss) or segment assets:							
Imputed interest income from a deposit placed for a life insurance policy	–	–	–	–	–	(1,084)	(1,084)
Interest income	(26)	(57)	–	–	(83)	–	(83)
Interest expenses	10,272	3,852	25	–	14,149	–	14,149
Income tax expenses	(1,936)	15,996	–	–	14,060	–	14,060
Premium charges on a life insurance policy	–	–	–	–	–	1,489	1,489

For the year ended 31 December 2015

	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	27,406	19,503	4,223	–	51,132	–	51,132
Depreciation	21,674	31,073	6,921	–	59,668	1,939	61,607
Amortisation of intangible assets	430	–	–	–	430	–	430
Amortisation of prepaid lease payments	1,097	1,394	–	–	2,491	–	2,491
Impairment loss recognised on trade receivables	–	14,723	–	–	14,723	–	14,723
Reversal of impairment loss on other receivables	–	(500)	–	–	(500)	–	(500)
Allowance for inventories obsolescence	–	330	–	–	330	–	330
Net foreign exchange gain	(14,748)	(1,658)	(2)	–	(16,408)	–	(16,408)
Loss on disposal of property, plant and equipment	157	6,007	–	–	6,164	–	6,164
Gain arising from changes in fair value of investment properties	–	–	–	(180)	(180)	–	(180)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment (loss) profit or segment assets:							
Imputed interest income from a deposit placed for a life insurance policy	–	–	–	–	–	(1,062)	(1,062)
Interest income	(68)	(76)	–	–	(144)	–	(144)
Interest expenses	9,347	3,761	1,563	–	14,671	–	14,671
Income tax expenses	671	15,117	–	–	15,788	–	15,788
Premium charges on a life insurance policy	–	–	–	–	–	1,472	1,472

Geographical information

More than 90% of the sales of the Group's household products were made to customers in the United States of America.

More than 90% of the sales of the Group's PVC pipes and fittings made to customers in the PRC.

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

For each of the year ended 31 December 2016 and 2015, no customer contributed more than 10% of the Group's external revenue.

4. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Gain arising from changes in fair value of investment properties	**380**	180
Loss on disposal of property, plant and equipment	**(5,986)**	(6,164)
Net foreign exchange gain	**17,646**	16,408
	12,040	10,424

5. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**13,836**	14,792
– finance leases	**241**	50
– amount due to a director	**1,106**	1,027
	15,183	15,869
Less: amounts capitalised in the cost of qualifying assets	**(1,034)**	(1,198)
	14,149	14,671

6. TAXATION

	2016	2015
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– charge for the year	**–**	–
– overprovision in prior years	**–**	(7)
	–	(7)
PRC Enterprise Income Tax ("EIT")		
– charge for the year	**17,059**	15,117
– overprovision in prior years	**(1,062)**	–
	15,997	15,117
	15,997	15,110
Deferred taxation charge	**(1,937)**	678
	14,060	15,788

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong Profits Tax is made as the Group has no 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

	2016	2015
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Directors' emoluments	**18,542**	24,067
Other staff's salaries and wages	**105,731**	126,988
Other staff's retirement benefit scheme contributions	**6,986**	7,861
Share-based payments	**–**	3,877
Total staff costs	**131,259**	162,793
Depreciation of property, plant and equipment	**66,988**	61,607
Amortisation of intangible assets (included in cost of sales)	**134**	430
Amortisation of prepaid lease payments	**2,381**	2,491
Total depreciation and amortisation	**69,503**	64,528
Allowance for inventories obsolescence	**359**	330
Auditors' remuneration	**2,860**	2,632
Cost of inventories recognised as an expense	**710,104**	848,494
Impairment loss recognised on trade receivables	**3,834**	14,723
Impairment loss recognised on other receivables	**7,473**	–
Operating lease rentals in respect of rented premises	**2,160**	2,184
and after crediting:		
Gross rental income from investment properties	**3,909**	2,950
Less: direct operating expenses that generated rental income	**(251)**	(161)
	3,658	2,789
Bank interest income	**83**	144
Imputed interest income from a deposit placed for a life insurance policy	**1,084**	1,062
Reversal of impairment loss on other receivables	**–**	500

8. DIVIDENDS

No final dividend was paid or proposed during both years ended 31 December 2016 and 31 December 2015, 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:

	2016	2015
	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)	**(26,550)**	(41,564)

Number of shares	**2016**	2015
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**713,653,295**	712,093,017

The diluted loss per share for the year ended 31 December 2016 and 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. DEPOSIT AND PREPAYMENTS FOR A LIFE INSURANCE POLICY

During the year ended 31 December 2014, a subsidiary of the Company entered into a life insurance policy (the "Policy") to insure a director of the Company, Ms. 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 2016, deposit and prepayments for a life insurance policy amounting to HK$50,248,000 (2015: HK$50,671,000) and HK$1,507,000 (2015: HK$1,489,000), totalling HK$51,755,000 (2015: HK$52,160,000), 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% (2015: 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 2016 and 2015, the life insurance was pledged to a bank to secure general banking facilities granted to the Group.

The deposit placed for a life insurance policy is denominated in USD, a currency other than the functional currency of the relevant group entity.

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:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**68,070**	83,387
31 – 60 days	**57,142**	95,908
61 – 90 days	**31,012**	10,918
91 – 180 days	**47,907**	58,308
Over 180 days	**56,782**	49,319
Trade receivables, net of allowance for doubtful debts	**260,913**	297,840
Prepayment for raw materials, deposits and other receivables	**33,123**	33,764
Prepaid lease payments	**2,236**	2,367
Deposit and prepayments for a life insurance policy	**1,507**	1,489
Total trade and other receivables	**297,779**	335,460

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.

Before accepting any new customers, the Group will internally assess the potential customers' credit quality and defines appropriate credit limits by customer. The management closely monitors the credit quality and follow-up action is taken if overdue debts are noted. Limits attributed to customers are reviewed every year. All of the trade receivables that are neither past due nor impaired are considered to be of good credit quality with satisfactory settlement history.

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:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**75,753**	82,567
31 – 60 days	**25,813**	32,790
61 – 90 days	**17,373**	13,892
Over 90 days	**27,015**	34,134
Total trade and bills payables	**145,954**	163,383
Other payables	**49,901**	62,968
Total trade and other payables	**195,855**	226,351

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

	2016	2015
	HK$'000	*HK$'000*
Receipt in advance	**19,506**	23,644
Accrued expenses	**7,449**	8,940
Deposits received from customers	**7,037**	860
Wages and bonus payable	**4,669**	11,514
Value-added tax payables	**4,509**	3,762
Property tax and other tax payables	**1,273**	2,181
Payable on acquisition of property, plant and equipment	**578**	2,136
Payable on acquisition of land use rights	**–**	1,952
Others	**4,880**	7,979
	49,901	62,968

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 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

- The Group recorded a turnover of HK$855,195,000 for the year ended 31 December 2016, representing a decrease of 14.0% as compared to the same period last year.

- Gross profit and gross profit margin of the Group recorded were HK$144,732,000 and 16.9%, representing a decrease of HK$409,000 and a decrease of 0.3% respectively as compared to the same period last year.

- Loss for the year was HK$26,550,000, as compared to a loss of HK$41,564,000 for the same period last year.

- Basic loss per share was 3.72 HK cents, as compared to loss per share of 5.84 HK cents for the same period last year.

BUSINESS REVIEW

For the year ended 31 December 2016, the Group recorded a consolidated turnover of HK$855,195,000, representing a decrease of 14.0% from HK$993,965,000 last year. Gross profit and gross profit margin were HK$144,732,000 and 16.9% respectively. Loss for the year was HK$26,550,000.

During the year of 2016, the Group continued to deal with the businesses of household products, PVC pipes and fittings and environmental feed production from food waste recycling business.

For the household products business, as the growth of world economy is still progressing very slowly and market competition is still very keen, the business turnover when comparing with the same period last year had dropped for 22.5% and the business had recorded a deficit but the situation is improving continuously.

For the PVC pipes and fittings sector, the business is rather steady and there was an increase in the net profit. The business turnover was HK$592,663,000, representing a decrease of 10.4% from HK$661,792,000 last year but the business still contributed profits to the Group.

For the feed production from food waste recycling business, the turnover was HK$7,517,000, representing an increase of 33.1% from HK$5,648,000 last year. The business environment for the sector is challenging. Food waste collection volume, though were not satisfactory as expected and did not contribute profit to the Group, has huge room for expansion.

During the year under review, the turnover of property investment amounted to HK$3,909,000, representing an increase of 32.5% from HK$2,950,000 of the same period last year. Gain arising from fair value changes of investment properties was HK$380,000.

PROSPECTS

2017 will be a challenging year. The Group will strive its best to continue to adjust strategy, control production cost, enhance risk management and strengthen internal control so as to maintain a steady development of the existing businesses.

For household products business, as competition is severe, the Group would endeavour to enhance quality and service so as to surpass the competitors. Given the solid foundation and the goodwill built up over the years, the Group will strive to consolidate and better its business continuously.

For PVC pipes and fittings sector, as the business is developing steadily, it is expected that it will continue to generate profit to the Group.

Feed production from food waste recycling business is the most challenging business of the Group. On one hand it still requires the understanding, support and recognition of the public to accept the concept of new technology to recycle food waste into feed production. On the other hand, the Group waits for the business opportunities arising from the implementation of the government policy on environmental protection. The Group will try to grasp hold of every opportunity to expand the environmental protection business.

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 2016, the Group had bank balances and cash and pledged bank deposits of approximately HK$96,380,000 (31.12.2015: HK$71,996,000) and had interest-bearing bank borrowings of approximately HK$325,287,000 (31.12.2015: HK$346,663,000). 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 2016 amounted to HK$639,474,000; of which HK$325,287,000 of the banking facilities was utilised (utilisation rate was at 50.9%).

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 2016, the Group had current assets of approximately HK$562,616,000 (31.12.2015: HK$597,146,000). The Group's current ratio was approximately 0.96 as at 31 December 2016 as compared with approximately 0.96 as at 31 December 2015. Total shareholders' funds of the Group as at 31 December 2016 decrease by 10.3% to HK$734,954,000 (31.12.2015: HK$819,195,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2016 was 0.86 (31.12.2015: 0.81).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments and bank deposits with an aggregate net book value of HK$249,289,000 (31.12.2015: HK$261,464,000) 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 2016, the Group employed a total workforce of about 1,370 staff (31.12.2015: 1,676) including 1,307 staff (31.12.2015: 1,615) in our factories located in the PRC. The total staff remuneration incurred during the period was HK$112,717,000 (31.12.2015: HK$138,726,000). 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 2016, 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 2 June 2017 to 8 June 2017 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 8 June 2017, all transfers accompanied by the relevant share certificates must be lodged with the Company's 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 1 June 2017.

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 2016.

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 2016 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 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 ANNUAL REPORT

The 2016 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, 30 March 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. Ho Tak Kay, Mr. Hui Chi Kuen Thomas and Mr. Shang Sze Ming.