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

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

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 2017 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 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
Turnover	*2*	**914,020**	855,195
Cost of sales		**(762,033)**	(710,463)
Gross profit		**151,987**	144,732
Other income		**9,687**	9,607
Other gains and losses	*3*	**4,819**	12,040
Selling and distribution costs		**(59,021)**	(40,952)
Administrative expenses		**(132,224)**	(119,934)
Impairment losses recognised on trade receivables		**(15,220)**	(3,834)
Impairment loss recognised on property, plant and equipment		**(38,952)**	–
Finance costs	*4*	**(14,675)**	(14,149)
Loss before taxation		**(93,599)**	(12,490)
Taxation	*5*	**(19,967)**	(14,060)
Loss for the year	*6*	**(113,566)**	(26,550)
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**77,984**	(63,239)
Total comprehensive expense for the year		**(35,582)**	(89,789)

	NOTES	**2017** HK$'000	2016 HK$'000
Loss for the year attributable to owners of the Company		**(113,566)**	(26,550)
Total comprehensive expense for the year attributable to owners of the Company		**(35,582)**	(89,789)
Loss per share	*8*		
Basic and diluted (HK cents per share)		**(15.00)**	(3.72)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Investment properties		**34,910**	30,690
Property, plant and equipment		**539,677**	611,638
Prepaid lease payments		**69,616**	66,976
Deposits paid for acquisition of property, plant and equipment		**30,141**	21,817
Deposit and prepayments for a life insurance policy		**49,825**	50,248
Intangible assets		**–**	10
Long-term prepayment		**21,500**	21,500
		745,669	802,879
Current assets			
Inventories		**172,069**	167,125
Trade and other receivables	*9*	**406,393**	297,779
Taxation recoverable		**1,332**	1,332
Pledged bank deposits		**20,602**	27,046
Bank balances and cash		**57,365**	69,334
		657,761	562,616
Current liabilities			
Trade and other payables	*10*	**239,435**	195,855
Amounts due to directors		**45,600**	49,623
Taxation payable		**14,839**	13,975
Obligations under finance leases – due within one year		**3,930**	3,400
Secured bank borrowings – due within one year		**255,805**	325,287
		559,609	588,140
Net current assets (liabilities)		**98,152**	(25,524)
Total assets less current liabilities		**843,821**	777,355

	NOTES	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Obligations under finance leases			
– due after one year		**3,468**	5,686
Deferred taxation		**7,286**	3,382
Deposit received		**131,894**	33,333
		142,648	42,401
Net assets		**701,173**	734,954
Capital and reserves			
Share capital		**76,332**	75,712
Reserves		**624,841**	659,242
Total equity		**701,173**	734,954

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

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

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued 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]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[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 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]

[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 2021.*

The directors of the Company anticipate that the application of some of these new and revised HKFRSs may have effect on the Group's financial performance and positions and/or the disclosures set out in the consolidated financial statements.

2. TURNOVER AND 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

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment turnover and results

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

For the year ended 31 December 2017

	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	203,240	699,139	7,763	–	–	910,142
Inter-segment sales	545	445	–	–	(990)	–
Rental income	–	–	–	3,878	–	3,878
Total	203,785	699,584	7,763	3,878	(990)	914,020
Segment (loss) profit	(36,260)	42,056	(64,512)	8,098	–	(50,618)
Interest income from a deposit placed for a life insurance policy						1,108
Interest income						684
Premium charges on a life insurance policy						(1,507)
Unallocated corporate expenses						(28,591)
Finance costs						(14,675)
Loss before taxation						(93,599)

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

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
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.

Segment (loss) profit represents the (loss incurred)/profit earned by each segment without allocation of interest income from a deposit placed for a life insurance policy, interest income, premium charges on a life insurance policy, unallocated corporate expenses, 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 operating and reportable segment:

At 31 December 2017

	Household products *HK$'000*	**PVC pipes and fittings** *HK$'000*	**Food waste recycling** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Assets					
Segment assets	**310,564**	**750,071**	**113,189**	**34,910**	**1,208,734**
Unallocated assets					**194,696**
Consolidated total assets					**1,403,430**
Liabilities					
Segment liabilities	**180,418**	**185,760**	**1,747**	**–**	**367,925**
Unallocated liabilities					**334,332**
Consolidated total liabilities					**702,257**

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

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

– all assets are allocated to operating segments other than deposit and prepayments for a life insurance policy, taxation recoverable, pledged bank deposits, bank balances and cash as well as certain 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 2017

	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	21,078	8,622	1,485	–	31,185	–	31,185
Depreciation	14,675	30,979	12,676	–	58,330	1,940	60,270
Amortisation of intangible assets	10	–	–	–	10	–	10
Amortisation of prepaid lease payments	954	1,369	–	–	2,323	–	2,323
Impairment loss recognised on trade receivables	–	15,220	–	–	15,220	–	15,220
Impairment loss recognised on other receivables	–	776	–	–	776	–	776
Reversal of allowance for inventories	(4,928)	–	–	–	(4,928)	–	(4,928)
Net foreign exchange loss (gain)	11,136	11,281	(1)	–	22,416	–	22,416
Impairment loss recognised on property, plant and equipment	–	–	38,952	–	38,952	–	38,952
Loss on disposal/write-off of property, plant and equipment	39,858	950	–	–	40,808	–	40,808
Gain arising from changes in fair value of investment properties	–	–	–	(4,220)	(4,220)	–	(4,220)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit (loss) or segment assets:							
Interest income from a deposit placed for a life insurance policy	–	–	–	–	–	(1,108)	(1,108)
Interest income	(540)	(144)	–	–	(684)	–	(684)
Interest expenses	11,396	3,205	74	–	14,675	–	14,675
Income tax expenses	3,891	16,076	–	–	19,967	–	19,967
Premium charges on a life insurance policy	–	–	–	–	–	1,507	1,507

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 of) 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	–	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:							
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

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 People's Republic of China ("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

During the year ended 31 December 2017, one customer in PVC pipes and fittings segment contributed HK$95,982,000 which is over 10% of the Group's external revenue.

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

3. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Compensation for land redevelopment project	**63,823**	–
Gain arising from changes in fair value of investment properties	**4,220**	380
Loss on disposal/write-off of property, plant and equipment	**(40,808)**	(5,986)
Net foreign exchange (loss) gain	**(22,416)**	17,646
	4,819	12,040

4. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**13,681**	13,836
– finance leases	**399**	241
– amounts due to director	**1,379**	1,106
	15,459	15,183
Less: amount capitalised in the cost of qualifying assets	**(784)**	(1,034)
	14,675	14,149

5. TAXATION

	2017	2016
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("EIT")		
– charge for the year	**16,986**	17,059
– over provision in prior years	**(910)**	(1,062)
	16,076	15,997
Deferred taxation charge (credit)	**3,891**	(1,937)
	19,967	14,060

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Hong Kong Profit Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profit for the current year. No provision for Hong Kong Profits Tax is made as the Group has no assessable profit for the current and prior years.

6. LOSS FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Directors' emoluments	**18,933**	18,542
Other staff's salaries and wages	**95,017**	105,731
Other staff's retirement benefit scheme contributions	**5,266**	6,986
Total staff costs	**119,216**	131,259
Depreciation of property, plant and equipment	**60,270**	66,988
Amortisation of intangible assets (included in cost of sales)	**10**	134
Amortisation of prepaid lease payments	**2,323**	2,381
Total depreciation and amortisation	**62,603**	69,503
Allowance for inventories	**–**	359
Auditors' remuneration	**2,753**	2,860
Cost of inventories recognised as an expense	**766,961**	710,104
Impairment loss recognised on trade receivables	**15,220**	3,834
Impairment loss recognised on other receivables	**776**	7,473
Operating lease rentals in respect of rented premises	**2,160**	2,160
Premium charges on a life insurance policy	**1,507**	1,489
and after crediting:		
Gross rental income from investment properties	**3,878**	3,909
Less: direct operating expenses that generated rental income	**(258)**	(251)
	3,620	3,658
Bank interest income	**684**	83
Interest income from a deposit placed for a life insurance policy	**1,108**	1,084
Reversal of allowance for inventories	**4,928**	–

7. DIVIDENDS

No final dividend was paid or proposed during both years ended 31 December 2017 and 31 December 2016, nor has dividend been proposed since the end of both reporting periods.

8. 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:

	2017	2016
	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)	**(113,566)**	(26,550)

Number of shares	**2017**	2016
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**757,338,243**	713,653,295

The diluted loss per share for the year ended 31 December 2017 and 2016 has not been taken into account the effect of outstanding share options as their exercise would result in a decrease in loss per share.

9. 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, and breakdown of other receivables and prepayments at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**97,650**	68,070
31 – 60 days	**97,276**	57,142
61 – 90 days	**68,338**	31,012
91 – 180 days	**54,212**	47,907
Over 180 days	**46,740**	56,782
Trade receivables, net of allowance for doubtful debts	**364,216**	260,913
Prepayments for raw materials, deposits and other receivables	**38,245**	33,123
Prepaid lease payments	**2,402**	2,236
Deposit and prepayments for a life insurance policy	**1,530**	1,507
Total trade and other receivables	**406,393**	297,779

The Group allows credit period 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.

10. TRADE AND OTHER PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**85,654**	75,753
31 – 60 days	**31,386**	25,813
61 – 90 days	**22,078**	17,373
Over 90 days	**25,214**	27,015
Total trade and bills payables	**164,332**	145,954
Other payables	**75,103**	49,901
Total trade and other payables	**239,435**	195,855

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

	2017	2016
	HK$'000	*HK$'000*
Receipt in advance	**29,613**	19,506
Compensation for land redevelopment project received in advance	**10,470**	–
Accrued expenses	**8,205**	7,449
Deposits received from customers	**6,672**	7,037
Wages and bonus payable	**4,246**	4,669
Value-added tax payables	**6,272**	4,509
Property tax and other tax payables	**2,290**	1,273
Payable on acquisition of property, plant and equipment	**674**	578
Interest payables	**353**	–
Others	**6,308**	4,880
	75,103	49,901

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 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

- The Group recorded a turnover of HK$914,020,000 for the year ended 31 December 2017, representing an increase of 6.9% as compared to the same period last year.

- Gross profit and gross profit margin of the Group recorded were HK$151,987,000 and 16.6%, representing an increase of HK$7,255,000 and a decrease of 0.3% respectively as compared to the same period last year.

- Loss for the year was HK$113,566,000, as compared to a loss of HK$26,550,000 for the same period last year.

- Basic loss per share was 15.00 HK cents, as compared to loss per share of 3.72 HK cents for the same period last year.

BUSINESS REVIEW

For the year ended 31 December 2017, the Group recorded a consolidated turnover of HK$914,020,000, representing an increase of 6.9% from HK$855,195,000 last year. Gross profit and gross profit margin were HK$151,987,000 and 16.6% respectively. Loss for the year was HK$113,566,000.

During the year of 2017, the Group continued to deal with the business of household products, PVC pipes and fittings, and environmental feed production from food waste recycling business.

For the household products sector, the business turnover when comparing with the same period last year had dropped for 19.1% and the business had recorded deficit. The main reason is the removal and amalgamation of the factory for the production of household products at Pingshan Shenzhen to Zhongshan factory in 2017, which had affected the volume of production and the business turnover had dropped accordingly. In addition, the Group had incurred certain expenses for the removal of the factory such as staff redundancy, written off of certain machineries and the removal charges.

For PVC pipes and fittings sector, the business was rather steady and there was an increase in the gross profit. The business turnover was HK$699,584,000, representing an increase of 18.0% from HK$592,663,000 last year, and the business had contributed profits to the Group.

For the feed production from food waste recycling business, the turnover was HK$7,763,000, representing an increase of 3.3% from HK$7,517,000 last year. Food waste collection volume were still not satisfactory. The sector did not contribute profit to the Group.

During the year under review, the turnover of property investment amounted to HK$3,878,000, representing a decrease of 0.8% from HK$3,909,000 of the same period last year. Gain arising from fair value changes of investment properties was HK$4,220,000.

PROSPECTS

Looking to the future, the Group will actively monitor the Pingshan Shenzhen factory removal project so as to meet the target set. For the manufacturing business, the Group will continue to strive its best to control production cost, enhance risk management, and strengthen internal control so as to maintain a steady development of the existing business.

For household products business, as the removal of Pingshan factory and its amalgamation with Zhongshan factory is almost completed, the Group will continue to purchase advanced machineries for the production in Zhongshan factory, with a view to maximise production efficiency and maintain high quality of products and customers services, to strive for the increase of business turnover and to consolidate our business.

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.

For feed production from food waste recycling business, the Group will continue to face challenges. The Company will try to adopt feasible ways to collect and handle food waste to reduce cost and resources utilised so as to enhance cost effectiveness. The company will also strive to strengthen the promotion of business to attract more customers and increase business turnover.

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 2017, the Group had bank balances and cash and pledged bank deposits of approximately HK$77,967,000 (31.12.2016: HK$96,380,000) and had interest-bearing bank borrowings of approximately HK$255,805,000 (31.12.2016: HK$325,287,000). 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 2017 amounted to HK$613,710,000; of which HK$255,805,000 of the banking facilities was utilised (utilisation rate was at 41.7%).

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 2017, the Group had current assets of approximately HK$657,761,000 (31.12.2016: HK$562,616,000). The Group's current ratio was approximately 1.18 as at 31 December 2017 as compared with approximately 0.96 as at 31 December 2016. Total shareholders' funds of the Group as at 31 December 2017 decrease by 4.6% to HK$701,173,000 (31.12.2016: HK$734,954,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2017 was 1.0 (31.12.2016: 0.86).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments and bank deposits with an aggregate net book value of HK$207,599,000 (31.12.2016: HK$249,289,000) were pledged to banks for general banking facilities granted to the Group.

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

STAFF AND EMPLOYMENT

At 31 December 2017, the Group employed a total workforce of about 1,137 staff (31.12.2016: 1,370) including 1,076 staff (31.12.2016: 1,307) in our factories located in the PRC. The total staff remuneration incurred during the period was HK$100,283,000 (31.12.2016: HK$112,717,000). It is the Group's policy to review its employees' pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industries. It is the Group's policy to encourage its subsidiaries to send the management and staff to attend training classes or seminars that related to the Group's business. Tailor made internal training programmes were also provided to staff in our PRC factories.

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

During the year ended 31 December 2017, 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 21 June 2018 to 27 June 2018 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 27 June 2018, 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 20 June 2018.

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 2017.

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 2017 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 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PUBLICATION OF ANNUAL REPORT

The 2017 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, 28 March 2018

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.