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 2018

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 2018 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 2018

	NOTES	**2018** *HK$'000*	2017 *HK$'000*
Turnover	*2*	**926,232**	914,020
Cost of sales		**(801,306)**	(762,033)
Gross profit		**124,926**	151,987
Other income		**11,986**	9,687
Other gains and losses	*3*	**22,019**	4,819
Selling and distribution costs		**(52,600)**	(59,021)
Administrative expenses		**(192,458)**	(132,224)
Gain on disposal of land and building	*9*	**1,611,880**	–
Impairment losses recognised on trade receivables		**(17,375)**	(15,220)
Impairment loss recognised on property, plant and equipment		**(85,490)**	(38,952)
Finance costs	*4*	**(17,855)**	(14,675)
Profit (loss) before taxation		**1,405,033**	(93,599)
Taxation	*5*	**(238,156)**	(19,967)
Profit (loss) for the year	*6*	**1,166,877**	(113,566)

	NOTES	2018 HK$'000	2017 HK$'000
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(65,056)**	77,984
Total comprehensive income (expense) for the year		**1,101,821**	(35,582)
Earnings (loss) per share	*8*		
Basic *(HK cents per share)*		**152.75**	(15.00)
Diluted *(HK cents per share)*		**150.94**	(15.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Investment properties		**36,390**	34,910
Property, plant and equipment		**408,897**	539,677
Prepaid lease payments		**58,320**	69,616
Deposits paid for acquisition of property, plant and equipment		**21,197**	30,141
Deposit and prepayments for a life insurance policy		**49,380**	49,825
Long-term prepayment	9	**10,750**	21,500
Long-term other assets	9	**1,570,459**	–
		2,155,393	745,669
Current assets			
Inventories		**172,119**	172,069
Trade and other receivables	10	**380,975**	406,393
Contract assets		**9,023**	–
Taxation recoverable		**1,332**	1,332
Pledged bank deposits		**7,558**	20,602
Bank balances and cash		**37,014**	57,365
		608,021	657,761
Current liabilities			
Trade and other payables	11	**220,391**	239,435
Contract liabilities		**19,438**	–
Amounts due to directors		**64,830**	45,600
Taxation payable		**5,471**	14,839
Obligations under finance leases – due within one year		**2,196**	3,930
Secured bank borrowings		**235,301**	255,805
		547,627	559,609
Net current assets		**60,394**	98,152
Total assets less current liabilities		**2,215,787**	843,821

	NOTES	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Obligations under finance leases			
– due after one year		**1,272**	3,468
Amount due to a director		**70,252**	–
Deposits received	*9*	**106,858**	131,894
Deferred taxation		**234,102**	7,286
		412,484	142,648
Net assets		**1,803,303**	701,173
Capital and reserves			
Share capital		**76,432**	76,332
Reserves		**1,726,871**	624,841
Total equity		**1,803,303**	701,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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 the consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources:

- Manufacture and distribution of household products
- Manufacture and distribution of PVC pipes and fittings
- Provision of food waste recycling services
- Leasing of investment properties

Revenue from leasing of investment properties will continue to be accounted for in accordance with HKAS 17 "Leases", whereas revenue from provision of food waste recycling services recognised over time and revenue from manufacture and distribution recognised at a point in time will be accounted for under HKFRS15.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables	239,435	(29,613)	209,822
Contract liabilities	–	29,613	29,613

As at 1 January 2018, advances from customers of HK$29,613,000 in respect of manufacture and distribution contracts previously included in trade and other payables were reclassified to contract liabilities as the Group has obligation to transfer goods or services to its customers for which the Group has received consideration from the customers.

The application of HKFRS 15 has had no material impact on the Group's accumulated losses as at 1 January 2018.

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. There is no change in classification and measurement on the Group's financial assets.

In addition, as the estimated allowance under the ECL model based on the counterparties' past repayment history and forward looking information was not significantly different to that under HKAS 39, no additional credit loss allowance has been recognised against accumulated losses as at 1 January 2018.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 *Effective for annual periods beginning on or after 1 January 2019.*

2 *Effective for annual periods beginning on or after a date to be determined.*

3 *Effective for annual periods beginning on or after 1 January 2021.*

4 *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.*

5 *Effective for annual periods beginning on or after 1 January 2020.*

The directors of the Company anticipate that the application of some of these new and amendments to 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
Properties investments	–	investment in properties (renamed in 2018)

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 2018

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Properties investments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover						
Sales of goods recognised at a point in time						
External sales	204,330	710,949	–	–	–	915,279
Inter-segment sales	75	372	–	–	(447)	–
Service income recognised over time	–	–	6,496	–	–	6,496
Rental income	–	–	–	4,457	–	4,457
Total segment revenue	204,405	711,321	6,496	4,457	(447)	926,232
Segment profit (loss)	8,060	13,894	(105,134)	1,604,162	–	1,520,982
Interest income from a deposit placed for a life insurance policy						1,140
Interest income						282
Premium charges on a life insurance policy						(1,542)
Unallocated corporate expenses						(97,974)
Finance costs						(17,855)
Profit before taxation						1,405,033

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

For the year ended 31 December 2017

	Household products HK$'000	PVC pipes and fittings HK$'000	Food waste recycling HK$'000	Properties investments HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover						
Sales of goods recognised at a point in time						
External sales	203,240	699,139	–	–	–	902,379
Inter-segment sales	545	445	–	–	(990)	–
Service income recognised overtime	–	–	7,763	–	–	7,763
Rental income	–	–	–	3,878	–	3,878
Total segment revenue	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.

The accounting policies of the operating segments are the same as the Group's accounting policies described in to notes to the consolidated financial statements. Segment profit (loss) represents the profit earned (loss incurred) 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 including directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use 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:

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Properties investments *HK$'000*	Consolidated *HK$'000*
At 31 December 2018					
Assets					
Segment assets	**261,099**	**718,540**	**6,941**	**1,617,599**	**2,604,179**
Unallocated assets					**159,235**
Consolidated total assets					**2,763,414**
Liabilities					
Segment liabilities	**48,272**	**186,907**	**4,157**	**337,448**	**576,784**
Unallocated liabilities					**383,327**
Consolidated total liabilities					**960,111**
At 31 December 2017					
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

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 and accruals of administrative expenses in head office.

Other segment information

For the year ended 31 December 2018

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Food waste recycling *HK$'000*	Properties investments *HK$'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 property, plant and equipment	28,043	21,485	–	–	49,528	–	49,528
Depreciation of property, plant and equipment	11,054	30,717	13,234	–	55,005	1,940	56,945
Amortisation of prepaid lease payments	868	1,411	–	–	2,279	–	2,279
Impairment loss recognised on trade receivables	–	17,375	–	–	17,375	–	17,375
Allowance for inventories	–	–	2,228	–	2,228	–	2,228
Net foreign exchange loss (gain)	38,032	(1,162)	(1)	–	36,869	–	36,869
Impairment loss recognised on property, plant and equipment	–	–	85,490	–	85,490	–	85,490
Loss on disposal/write-off of property, plant and equipment	445	631	–	–	1,076	–	1,076
Gain arising from changes in fair value of investment properties	–	–	–	(1,480)	(1,480)	–	(1,480)
Gain arising from change in fair value of long-term other assets	–	–	–	(23,399)	(23,399)	–	(23,399)

For the year ended 31 December 2017

	Household products HK$'000	PVC pipes and fittings HK$'000	Food waste recycling HK$'000	Properties investments HK$'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 property, plant and equipment	21,078	8,622	1,485	–	31,185	–	31,185
Depreciation of property, plant and equipment	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)

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 Peoples's Republic of China (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

During the year ended 31 December 2018, no customer contributed more than 10% of the Group's external revenue.

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.

3. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Fair value gain on Deposits Received for Redevelopment Project *(note 9)*	**20,545**	–
Compensation income for Redevelopment Project *(note 9)*	**16,021**	63,823
Gain arising from changes in fair value of investment properties	**1,480**	4,220
Gain arising from changes in fair value of long-term other assets	**23,399**	–
Loss on disposal/write-off of property, plant and equipment	**(1,076)**	(40,808)
Net foreign exchange loss	**(36,869)**	(22,416)
Loss arising from changes in fair value of foreign currency forwards contracts	**(1,481)**	–
	22,019	4,819

4. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**15,605**	13,681
– finance leases	**269**	399
– amounts due to director	**1,213**	1,379
Interest/imputed interest on Deposits Received from Redevelopment Project	**1,285**	–
	18,372	15,459
Less: amount capitalised in the cost of qualifying assets	**(517)**	(784)
	17,855	14,675

5. TAXATION

	2018	2017
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("EIT")		
– charge for the year	**6,010**	16,986
– overprovision in prior years	**(247)**	(910)
	5,763	16,076
Deferred taxation charge		
– charge for the year	**128,451**	434
– withholding tax on profits of a non-resident in the PRC	**103,942**	3,457
	232,393	3,891
Total	**238,156**	19,967

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%.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax was calculated at a flat rate of 16.5% on the estimated assessable profits for the year ended 31 December 2017. As the Company and its subsidiaries operating in Hong Kong do not have assessable profits, no provision for Hong Kong Profits Tax has been made in the consolidated financial statements.

PRC withholding income tax of 10% shall be levied on the income earned in the PRC by a foreign subsidiary.

6. PROFIT (LOSS) FOR THE YEAR

	2018	2017
	HK$'000	HK$'000
Profit (loss) for the year has been arrived at after charging:		
Directors' emoluments	88,357	18,933
Other staff's salaries and wages	86,066	95,017
Other staff's retirement benefit scheme contributions	4,738	5,266
Total staff costs	179,161	119,216
Depreciation of property, plant and equipment	56,945	60,270
Amortisation of intangible assets (included in cost of sales)	–	10
Amortisation of prepaid lease payments	2,279	2,323
Total depreciation and amortisation	59,224	62,603
Allowance for inventories	2,228	–
Auditors' remuneration	2,918	2,753
Cost of inventories recognised as an expense	799,078	766,961
Impairment loss recognised on other receivables	–	776
Operating lease rentals in respect of rented premises	2,769	2,160
Premium charges on a life insurance policy	1,542	1,507
and after crediting:		
Gross rental income from investment properties	4,457	3,878
Less: direct operating expenses that generated rental income	(370)	(258)
	4,087	3,620
Bank interest income	282	684
Interest income from a deposit placed for a life insurance policy	1,140	1,108
Reversal of allowance for inventories	–	4,928

7. DIVIDENDS

No final dividend was paid or proposed during both years ended 31 December 2018 and 31 December 2017, nor has dividend been proposed since the end of both reporting periods.

8. EARNINGS (LOSS) PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Profit (loss) for the purposes of calculating basic and diluted earnings (loss) per share	**1,166,877**	(113,566)

	Number of shares	
	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**763,911,942**	757,338,243
Effect of dilutive potential ordinary shares on share options	**9,166,337**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**773,078,279**	757,338,243

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

9. REDEVELOPMENT PROJECTS

On 11 August 2011, one of the subsidiaries of the Company, Welidy Limited ("Welidy"), has entered into a conditional provisional removal remedy agreement ("Provisional Agreement") with an independent third party property developer (the "Developer") in relation to the redevelopment of a piece of land owned by the Group (the "Land") and this Land constitutes part of a redevelopment project ("Redevelopment Project") proposed by the Developer. The factory building built on the Land is owned by another subsidiary of the Company, namely 世界塑膠餐墊（寶安）有限公司 World Plastic Mat (Baoan) Company Limited ("World (Baoan)").

Under the Provisional Agreement, the Group agreed to surrender the Land, in the future, to the Developer for certain residential or commercial properties (the "Compensated Properties") to be built under the Redevelopment Project (the "Transaction"). At that time, the Transaction has yet to be commenced pending to certain conditions, including but not limited to, obtaining approval from the PRC government authorities.

Upon signing the Provisional Agreement, an interest-free refundable deposit amounting to RMB30,000,000 (equivalent to approximately HK$34,169,000 (2017: HK$35,971,000)) was received by the Group, which is refundable on the date of receipt of all the Compensated Properties (the "Compensated Properties Receipt Date") or acknowledgement from PRC government authorities on the termination of Redevelopment Project, whichever is earlier. During the year ended 31 December 2011, the Group also prepaid HK$21,500,000 for legal and consultancy services to be provided by a PRC lawyer in respect of the Redevelopment Project and the amount is recognised as long-term prepayment in the consolidated statement of financial position ("Prepayment"). As at 31 December 2018, the carrying amount of the Prepayment amounted to HK$10,750,000 (2017: HK$21,500,000).

On 16 August 2017, Welidy and World (Baoan) further entered into a supplementary agreement to the Provisional Agreement ("Supplementary Agreement") with a fellow subsidiary of the Developer (the "Ultimate Developer"). In the Supplementary Agreement, the consideration for the transaction have been finalised which includes the details of the Compensated Properties to be received upon completion of Redevelopment Project and unconditional and non-refundable monthly compensation income to be received by the Group from the Ultimate Developer up to the Compensated Properties Receipt Date. Upon signing the Supplementary Agreement, further refundable deposits amounting to RMB80,000,000 (equivalent to approximately HK$95,923,000), in which RMB30,000,000 is interest-free and RMB50,000,000 is interest bearing at 6%, were received by the Group, together with the deposit received in 2011 as mentioned above, hereinafter referred to as the "Deposits Received". As at 31 December 2017, the Transaction was still pending completion of the relevant conditions including the PRC government approval.

On 8 August 2018, the Transaction with the Ultimate Developer was considered completed as the agreement became unconditional and at which point the Group transferred the control of the Land to the Ultimate Developer and derecognised the Land and factory building. The present value of the future monthly compensation income receivable from that date to the Compensated Properties Receipt Date of RMB94,940,000 (equivalent to approximately HK$113,024,000) and the fair value of the Compensated Properties of RMB1,271,502,000 (equivalent to approximately HK$1,513,693,000), as at 8 August 2018 amounting to RMB1,366,442,000 (equivalent to approximately HK$1,626,717,000) in aggregate, were recognised as consideration for the Transaction (the "Consideration") and this amount is recognised as long-term other assets in the consolidated statement of financial position. On the same date, the Group recognised gain on disposal of land and building of HK$1,611,880,000. The net gain after tax amounting HK$1,371,859,000 which was derived at after deducting the related taxation effect of HK$240,021,000 (included in the taxation expenses in note 5).

As part of the Consideration includes the Group's right to obtain Compensated Properties in future while fair value changes from time to time. The carrying amount recognised by the Group would be subject to remeasurement at fair value at each subsequent reporting date prior to obtaining control of the Compensated Properties. The fair values of the Compensated Properties on 8 August 2018 and at the end of the reporting period have been arrived at on the basis of a valuation carried out on those dates by the Valuer not connected with the Group, in accordance with the HKIS Valuation Standards issued by Hong Kong Institute of Surveyors.

As at 31 December 2018, the principal amount of the Deposits Received amounting to RMB110,000,000 (2017: RMB110,000,000) (equivalent to approximately HK$125,285,000 (2017: HK$131,894,000)). The deposits received is measured at amortised cost using the effective interest rate at 6.00% per annum. During the year, a fair value change (gain in the profit or loss) resulting from the revision of estimated timing of the refund of the Deposits Received, amounting to HK$20,545,000 was recognised as income in the profit or loss *(note 3)*.

In addition, during the year ended 31 December 2018, the Group recognised monthly compensation income of approximately RMB13,457,000 (2017: RMB55,271,000) (equivalent to approximately HK$16,021,000 (2017: HK$63,823,000)) in aggregate in the profit or loss (note 3) as it was considered as a unconditional payment to the Group prior to 8 August 2018.

As at 31 December 2018, the long-term other assets of RMB1,378,863,000 (equivalent to approximately HK$1,570,459,000) consists of the present value of the future monthly compensation income receivable of RMB87,706,000 (equivalent to approximately HK$99,893,000) and the fair value of the Compensated Properties of RMB1,291,157,000 (equivalent to approximately HK$1,470,566,000).

10. 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 credit losses and breakdown of other receivables and prepayments at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**107,140**	97,650
31 – 60 days	**83,271**	97,276
61 – 90 days	**47,070**	68,338
91 – 180 days	**49,952**	54,212
Over 180 days	**63,498**	46,740
Trade receivables, net of allowance for credit losses	**350,931**	364,216
Prepayments for raw materials, deposits and other receivables	**26,450**	38,245
Prepaid lease payments	**2,021**	2,402
Deposit and prepayments for a life insurance policy	**1,573**	1,530
Total trade and other receivables	**380,975**	406,393

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.

11. 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:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**91,053**	85,654
31 – 60 days	**25,978**	31,386
61 – 90 days	**17,497**	22,078
Over 90 days	**35,652**	25,214
Total trade and bills payables	**170,180**	164,332
Other payables	**50,211**	75,103
Total trade and other payables	**220,391**	239,435

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

	2018	2017
	HK$'000	*HK$'000*
Accrued expenses	**12,583**	8,205
Deposits received	**10,391**	6,672
Payable on acquisition of property, plant and equipment	**6,027**	674
Interest payables	**4,800**	353
Value-added tax payables	**4,679**	6,272
Wages and bonus payable	**4,181**	4,246
Property tax and other tax payables	**806**	2,290
Receipt in advance*	**–**	29,613
Compensation for Redevelopment Project received in advance	**–**	10,470
Others	**6,744**	6,308
	50,211	75,103

* *Receipt in advance are recognised as contract liabilities upon application of HKFRS 15.*

FINAL DIVIDEND

The directors resolved not to recommend the payment of final dividend for the year ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

- The Group recorded a turnover of HK$926,232,000 for the year ended 31 December 2018, representing an increase of 1.3% as compared to the same period last year.

- Gross profit and gross profit margin of the Group recorded were HK$124,926,000 and 13.5%, representing a decrease of HK$27,061,000 and a decrease of 3.1% respectively as compared to the same period last year.

- Profit for the year was HK$1,166,877,000, as compared to a loss of HK$113,566,000 for the same period last year.

- Basic earnings per share was 152.75 HK cents, as compared to loss per share of 15.00 HK cents for the same period last year.

BUSINESS REVIEW

For the year ended 31 December 2018, the Group recorded a consolidated turnover of HK$926,232,000, representing an increase of 1.3% from HK$914,020,000 last year. Gross profit and gross profit margin were HK$124,926,000 and 13.5% respectively. The developer of the redevelopment of The Shenzhen Pingshan Urban Renewal Project (the "Redevelopment Project") has been duly approved as the executing entity by PRC Government. The progress was satisfactory and a gain on disposal of land and building of HK$1,611,880,000 had been recorded. The gain after tax was HK$1,371,859,000 which was derived after deducting the related taxation effect of HK$240,021,000. After deducting tax and other expenses of the Group, the profit for the year of the Group was HK$1,166,877,000.

During the year of 2018, the Group continued its business of household products, PVC pipes and fittings manufacturing, feed production from food waste recycling business and properties investments.

For the household products business, the business turnover increased by 0.3% and it generated profits for the Group.

For the PVC pipes and fittings manufacturing business, because of uncertainty in international trade and rise in oil prices, the gross profit decreased. The business turnover was HK$711,321,000 representing an increase of 1.7% from last year but the business continued to contribute profits to the Group.

For the feed production from food waste recycling business, the turnover was HK$6,496,000 representing a decrease of 16.3% from HK$7,763,000 of last year. The business was not satisfactory.

During the year under review, the turnover from property investments amounted to HK$4,457,000, representing an increase of 14.9% from HK$3,878,000 of last year. Gains arising from changes in fair value of investment properties was HK$1,480,000.

PROSPECT

Looking to the future, the group will continue to strive for the development of household products, PVC pipes and fittings manufacturing and feed production from food waste recycling business so as to generate better results for the Group.

For the Redevelopment Project, it has satisfactorily commenced and the returns had been recorded to the account. The relevant properties will be allotted to the Group by the Developer when the Redevelopment Project is completed. The Group will conduct research and seek advice from professionals to come up with the best strategy to provide the maximum return to the Group.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, term loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 31 December 2018, the Group had bank balances and cash and pledged bank deposits of approximately HK$44,572,000 (31.12.2017: HK$77,967,000) and had interest-bearing bank borrowings of approximately HK$235,301,000 (31.12.2017: HK$255,805,000). 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 2018 amounted to HK$541,235,000; of which HK$235,301,000 of the banking facilities was utilised (utilisation rate was at 43.5%).

The Group continued to conduct its business transactions principally in Hong Kong dollars ("HK$"), US dollars and Renminbi ("RMB"). 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 2018, the Group had current assets of approximately HK$608,021,000 (31.12.2017: HK$657,761,000). The Group's current ratio was approximately 1.11 as at 31 December 2018 as compared with approximately 1.18 as at 31 December 2017. Total shareholders' funds of the Group as at 31 December 2018 increase by 157.2% to HK$1,803,303,000 (31.12.2017: HK$701,173,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2018 was 0.53 (31.12.2017: 1.00).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments and bank deposits with an aggregate net book value of HK$174,959,000 (31.12.2017: HK$207,599,000) 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 2018, the Group employed a total workforce of about 950 staff (31.12.2017: 1,137) including 905 staff (31.12.2017: 1,076) in our factories located in the PRC. The total staff remuneration incurred during the period was HK$90,804,000 (31.12.2017: HK$100,283,000). 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 2018, 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 11 June 2019 to 18 June 2019 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 18 June 2019, 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 10 June 2019.

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 2018.

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 2018 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 2018.

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 2018 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, 27 March 2019

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 and Mr. Lee Kwok Sing Stanley; 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.