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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)

ANNOUNCEMENT OF INTERIM RESULTS 2021

The Board of Directors (the “Board”) of World Houseware (Holdings) Limited (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<i>Notes</i>	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
Turnover	3	410,856	314,096
Cost of sales		(321,540)	(251,111)
Gross profit		89,316	62,985
Other income		6,124	7,353
Other gains and losses	4	(2,610)	(2,029)
Gain (loss) arising from change in fair value of long-term other assets		40,814	(7,614)
Selling and distribution costs		(37,810)	(35,026)
Administrative expenses		(65,268)	(49,245)
Impairment loss under expected credit loss model, net of reversal		6,317	(23,819)
Impairment loss recognised on property, plant and equipment		–	(34,634)
Finance costs	5	(9,273)	(10,108)
Profit (loss) before taxation	6	27,610	(92,137)
Taxation (charge) credit	7	(1,903)	2,770
Profit (loss) for the period		25,707	(89,367)

		1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>10,343</u>	<u>(14,482)</u>
Total comprehensive income (expense) for the period		<u>36,050</u>	<u>(103,849)</u>
Earnings (loss) per share	<i>9</i>		
Basic (HK cents per share)		<u>3.35</u>	<u>(11.69)</u>
Diluted (HK cents per share)		<u>3.20</u>	<u>(11.69)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	<i>Notes</i>	30.6.2021 HK\$'000 (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Non-current assets			
Investment properties		36,474	35,735
Property, plant and equipment		367,507	372,656
Right-of-use assets		58,276	59,243
Deposits paid for acquisition of property, plant and equipment		15,491	16,849
Deposit and prepayments for a life insurance policy		48,246	48,490
Long-term prepayment		10,750	10,750
Long-term other assets		1,776,550	1,741,890
		2,313,294	2,285,613
Current assets			
Inventories		203,373	157,274
Trade and other receivables	<i>10</i>	355,955	331,550
Contract assets		10,350	9,507
Taxation recoverable		541	541
Pledged bank deposits		6,162	6,162
Bank balances and cash		46,327	119,949
		622,708	624,983
Current liabilities			
Trade and other payables	<i>11</i>	292,647	303,510
Contract liabilities		6,836	9,940
Amounts due to directors		43,478	30,492
Taxation payable		2,566	6,312
Lease liabilities		–	613
Secured bank borrowings		197,309	197,110
		542,836	547,977
Net current assets		79,872	77,006
Total assets less current liabilities		2,393,166	2,362,619

	<i>Notes</i>	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
Non-current liabilities			
Amounts due to directors		126,223	137,578
Deposits received		121,122	118,186
Deferred taxation		254,585	252,658
		<u>501,930</u>	<u>508,422</u>
Net assets		<u>1,891,236</u>	<u>1,854,197</u>
Capital and reserves			
Share capital	<i>12</i>	76,752	76,432
Reserves		1,814,484	1,777,765
Total equity		<u>1,891,236</u>	<u>1,854,197</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and long-term other assets that are measured at fair values at the end of each reporting period.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 *Financial Instrument* on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

As at 1 January 2021, the Group has several secured bank borrowings, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for secured bank borrowings measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 31 December 2021.

3. TURNOVER AND SEGMENT INFORMATION

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
Property investments	–	investment in properties
Food waste recycling	–	food waste recycling business (discontinued in 2020)

The following is an analysis of the Group's turnover and results by operating and reportable segments for the periods under review:

Six months ended 30 June 2021 (unaudited)

	Household products <i>HK\$'000</i>	PVC pipes and fittings <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover				
Sales of goods recognised at a point in time				
External sales	<u>74,675</u>	<u>329,585</u>	–	<u>404,260</u>
Revenue from contracts with customers	74,675	329,585	–	404,260
Rental income	<u>3,058</u>	<u>1,873</u>	<u>1,665</u>	<u>6,596</u>
Total segment revenue	<u><u>77,733</u></u>	<u><u>331,458</u></u>	<u><u>1,665</u></u>	<u><u>410,856</u></u>
Segment profit	4,074	12,580	40,314	56,968
Bank interest income				21
Interest income from a deposit placed for a life insurance policy				599
Finance costs				(9,273)
Premium charges on a life insurance policy				(818)
Unallocated corporate expenses				<u>(19,887)</u>
Profit before taxation				<u><u>27,610</u></u>

Six months ended 30 June 2020 (unaudited)

	Household products <i>HK\$'000</i>	PVC pipes and fittings <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Food Waste recycling <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover					
Sales of goods recognised at a point in time					
External sales	66,446	241,527	–	–	307,973
Service income recognised over time	–	–	–	1,924	1,924
Revenue from contracts with customers	66,446	241,527	–	1,924	309,897
Rental income	–	–	4,199	–	4,199
Total segment revenue	<u>66,446</u>	<u>241,527</u>	<u>4,199</u>	<u>1,924</u>	<u>314,096</u>
Segment profit (loss)	3,220	(64,318)	(3,288)	(3,905)	(68,291)
Bank interest income					43
Interest income from a deposit placed for a life insurance policy					587
Finance costs					(10,108)
Premium charges on a life insurance policy					(796)
Unallocated corporate expenses					<u>(13,572)</u>
Loss before taxation					<u><u>(92,137)</u></u>

Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of bank interest income, interest income from a deposit placed for a life insurance policy, finance costs, premium charges on a life insurance policy and unallocated corporate expenses including directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
Gain (loss) arising from changes in fair value of investment properties	739	(1,560)
Net foreign exchange (loss) gain	(3,320)	111
Loss on disposal of property, plant and equipment	(29)	(430)
Loss on disposal of right-of-use assets	—	(150)
	<u>(2,610)</u>	<u>(2,029)</u>

5. FINANCE COSTS

	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
Interest on:		
– secured bank borrowings	3,434	4,795
– lease liabilities	—	85
Interest/imputed interest on		
– amounts due to directors	2,241	2,016
– deposits received from redevelopment project	3,598	3,212
	<u>9,273</u>	<u>10,108</u>

6. PROFIT (LOSS) BEFORE TAXATION

	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
Profit (loss) before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	20,388	19,274
Depreciation of right-of-use assets	1,531	2,114
and after crediting:		
Gross rental income from investment properties	6,596	4,199
<i>Less:</i> Direct operating expenses that generated rental income	<u>(207)</u>	<u>(209)</u>
	<u>6,389</u>	<u>3,990</u>
Imputed interest income arising from long-term other assets	1,662	2,172
Bank interest income	21	43
Imputed interest income from a deposit placed for a life insurance policy	<u>599</u>	<u>587</u>

7. TAXATION CHARGE (CREDIT)

	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
PRC Enterprise Income Tax ("EIT")		
– charge for the period	1,245	1,209
– overprovision in prior years	<u>(434)</u>	<u>(2,543)</u>
	<u>811</u>	<u>(1,334)</u>
Deferred taxation (credit) charge		
– credit for the period	(1,986)	(3,120)
– withholding tax on profits of non-resident in the PRC	<u>3,078</u>	<u>1,684</u>
	<u>1,092</u>	<u>(1,436)</u>
Taxation charge (credit) for the period	<u><u>1,903</u></u>	<u><u>(2,770)</u></u>

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%.

The Company and its subsidiaries operating in Hong Kong do not have assessable profits, no provision for Hong Kong Profits Tax is made in the condensed consolidated financial statements.

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

8. DIVIDENDS

No final dividends in respect of the years ended 31 December 2020 and 31 December 2019 were paid, declared or proposed during the current or prior interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (for six months ended 30 June 2020: nil).

9. 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:

	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
Profit (loss) for the purposes of calculating basic and diluted earnings (loss) per share	<u>25,707</u>	<u>(89,367)</u>
	Number of shares	
	30.6.2021	30.6.2020
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	767,517,421	764,317,421
Effect of dilutive potential ordinary shares on share options	<u>35,165,304</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>802,682,725</u>	<u>764,317,421</u>

The diluted loss per share for the period ended 30 June 2020 has not been taken into account the effect of outstanding share options as their exercise would result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of the Group's trade receivables presented based on the invoice date, which approximated the revenue recognition dates, net of allowance for credit losses, and breakdown of other receivables and prepayments at the end of the reporting period:

	30.6.2021	31.12.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0 – 30 days	151,427	124,239
31 – 60 days	69,174	65,584
61 – 90 days	54,404	40,741
91 – 180 days	41,053	57,042
Over 180 days	22,158	30,861
	<hr/>	<hr/>
Trade receivables, net of allowance for credit losses	338,216	318,467
Prepayments for raw materials, deposits and other receivables	16,075	11,443
Deposit and prepayments for a life insurance policy	1,664	1,640
	<hr/>	<hr/>
Total trade and other receivables	<u>355,955</u>	<u>331,550</u>

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.

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:

	30.6.2021 <i>HK\$'000</i> (unaudited)	31.12.2020 <i>HK\$'000</i> (audited)
0 – 30 days	77,368	128,425
31 – 60 days	32,933	26,009
61 – 90 days	28,683	15,363
Over 90 days	<u>85,086</u>	<u>76,410</u>
Total trade and bills payables	224,070	246,207
Other payables	<u>68,577</u>	<u>57,303</u>
Total trade and other payables	<u><u>292,647</u></u>	<u><u>303,510</u></u>

12. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
<i>Authorised:</i>		
At 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	<u>1,500,000,000</u>	<u>150,000</u>
<i>Issued and fully paid:</i>		
At 1 January 2020, 30 June 2020 and 1 January 2021	764,317,421	76,432
Exercise of share options (<i>Note</i>)	<u>3,200,000</u>	<u>320</u>
At 30 June 2021	<u><u>767,517,421</u></u>	<u><u>76,752</u></u>

Note: During the six months ended 30 June 2021, 3,200,000 shares of HK\$0.1 each were issued to the share option holders at HK\$0.309 per share upon exercise of the share options granted on 12 November 2012 under the share option scheme of the Company adopted on 10 June 2011 and all these shares rank pari passu with other ordinary shares of the Company in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Board of Directors (the “Board”) of World Houseware (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021. This interim report has been approved by the Board and the Audit Committee of the Company.

- The Group recorded a consolidated turnover of HK\$410,856,000 for the six months ended 30 June 2021, representing an increase of 30.8% or HK\$96,760,000 as compared to HK\$314,096,000 of the same period last year.
- Gross profit of the Group was HK\$89,316,000, representing an increase of 41.8% or HK\$26,331,000 as compared to HK\$62,985,000 of the same period last year. The gross profit margin was 21.7%, representing an increase of 1.6% as compared to 20.1% of the same period last year.
- Profit for the period was HK\$25,707,000, as compared to a loss of HK\$89,367,000 for the same period last year.
- Basic earnings per share was HK\$3.35 cents, as compared to basic loss per share of HK\$11.69 cents for the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2021.

BUSINESS REVIEW

For the period under review, although the business of the Group is still affected by Sino American Trade War and the COVID-19 pandemic, the business turnover of the Group has experienced some progress.

For the household products, the business turnover was HK\$74,675,000 representing an increase of 12.4% when comparing with the same period last year and the business had recorded a gain.

For PVC pipe manufacturing business, the business turnover was HK\$329,585,000 representing an increase of 36.5% when comparing with the same period last year and the business had recorded a gain.

During the period under review, the gain arising from changes in fair value of investment properties in Hong Kong and the PRC were HK\$739,000.

The redevelopment of Shenzhen Pingshan Urban Renewal Project as carried out by the developer is progressing in accordance with the schedule as specified in the agreements. Gain arising from changes in fair value of long-term other assets were HK\$40,814,000.

PROSPECTS

Looking to the future, facing with the economic uncertainties due to the Sino American Trade War and COVID-19 effect, the business environment of the business is still challenging.

The Group will monitor the COVID-19 pandemic issue and strengthen the preventive measures against the COVID-19 and encourage all staff to have vaccination so as to protect their health. The Group would also continue to enhance business strategies of the major sectors of business and to control production cost so as to increase competitiveness. The Group will also strive to improve business environment so as to increase profit and generate good return for our shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, terms loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 30 June 2021, the Group had bank balances and cash and pledged bank deposits of approximately HK\$52,489,000 (31.12.2020: HK\$126,111,000) and had interest-bearing bank borrowings of approximately HK\$197,309,000 (31.12.2020: HK\$197,110,000). The Group's interest-bearing bank borrowings were mainly computed at Hong Kong Inter-Bank Offering Rate plus a margin. The Group's total banking facilities available as at 30 June 2021 amounted to HK\$545,386,000; of which HK\$197,309,000 of the banking facilities was utilised (utilisation rate was at 36.2%).

The Group continued to conduct its business transactions principally in Hong Kong dollars, US dollars and Renminbi. The Group's exposure to the foreign exchange fluctuations has not experienced any material difficulties in the operations or liquidity as a result of fluctuations in currency exchange.

At 30 June 2021, the Group had current assets of approximately HK\$622,708,000 (31.12.2020: HK\$624,983,000). The Group's current ratio was approximately 1.15 as at 30 June 2021 as compared with approximately 1.14 as at 31 December 2020. Total shareholders' funds of the Group as at 30 June 2021 increased by 2.00% to HK\$1,891,236,000 (31.12.2020: HK\$1,854,197,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2021 was 0.55 (31.12.2020: 0.57).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, right-of-use assets and bank deposits with an aggregate net book value of HK\$154,357,000 (31.12.2020: HK\$164,469,000) 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 30 June 2021, the Group employed a total workforce of about 747 (30.6.2020: 815) including 720 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$35,622,000 (30.6.2020: HK\$31,869,000). 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 six months ended 30 June 2021, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR OTHER SIMILAR RIGHTS

Other than the share options as described above, the Company had no convertible securities, options, warrants or other similar rights in issue during the period or at 30 June 2021.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2021. The unaudited interim results have also been reviewed by the Company's external auditor.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the Directors' opinion, the Company has applied the principles and complied with all the applicable code provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the first six months ended 30 June 2021.

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.

By Order of the Board
WORLD HOUSEWARE (HOLDINGS) LIMITED
Lee Tat Hing
Chairman

Hong Kong, 26 August 2021

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