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

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

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 2021

	<i>NOTES</i>	2021 HK\$'000	2020 HK\$'000
Turnover	2	878,030	817,298
Cost of sales		(728,606)	(649,867)
Gross profit		149,424	167,431
Other income		10,176	21,612
Other gains and losses	3	(6,292)	(26,155)
Gain arising from change in fair value of long-term other assets		63,392	207,210
Selling and distribution costs		(74,898)	(81,096)
Administrative expenses		(104,189)	(111,933)
Impairment losses reversed (recognised) under expected credit loss model, net of reversal		20,165	(26,180)
Impairment loss recognised on property, plant and equipment		–	(34,634)
Finance costs	4	(19,190)	(19,470)
Profit before taxation		38,588	96,785
Taxation credit (charge)	5	5,434	(27,801)
Profit for the year	6	44,022	68,984

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>37,204</u>	<u>90,581</u>
Total comprehensive income for the year		<u>81,226</u>	<u>159,565</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
Basic		<u>5.73</u>	<u>9.03</u>
Diluted		<u>5.53</u>	<u>9.01</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Investment properties		36,419	35,735
Property, plant and equipment		357,723	372,656
Right-of-use assets		58,260	59,243
Deposits paid for acquisition of property, plant and equipment		15,788	16,849
Deposit and prepayments for a life insurance policy		48,006	48,490
Long-term prepayment	<i>9</i>	10,750	10,750
Long-term other assets	<i>9</i>	1,804,094	1,741,890
		<u>2,331,040</u>	<u>2,285,613</u>
Current assets			
Inventories		206,787	157,274
Trade and other receivables	<i>10</i>	383,768	331,550
Contract assets		8,804	9,507
Taxation recoverable		565	541
Pledged bank deposits		6,162	6,162
Bank balances and cash		843,431	119,949
		<u>1,449,517</u>	<u>624,983</u>
Current liabilities			
Trade and other payables	<i>11</i>	1,072,759	303,510
Contract liabilities		6,960	9,940
Amounts due to directors		24,760	30,492
Taxation payable		–	6,312
Lease liabilities		–	613
Secured bank borrowings		208,039	197,110
		<u>1,312,518</u>	<u>547,977</u>
Net current assets		<u>136,999</u>	<u>77,006</u>
Total assets less current liabilities		<u>2,468,039</u>	<u>2,362,619</u>

		2021	2020
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Amounts due to directors		151,300	137,578
Deposits received	<i>9</i>	125,233	118,186
Deferred taxation		251,915	252,658
		<u>528,448</u>	<u>508,422</u>
Net assets		<u>1,939,591</u>	<u>1,854,197</u>
Capital and reserves			
Share capital		77,612	76,432
Reserves		1,861,979	1,777,765
Total equity		<u>1,939,591</u>	<u>1,854,197</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (the “Group”) have applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“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 consolidated financial statements:

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

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

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures” (“HKFRS 7”).

As at 1 December 2021 and 31 December 2021, the Group has certain banks loans with the interests of which are indexed to Hong Kong Interbank Offered Rate (“HIBOR”) as benchmark rate that may be subject to interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

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 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Company's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Company's liabilities.

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
Property investments	–	investment in properties
Food waste recycling	–	food waste recycling business

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 2021

	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	<u>158,458</u>	<u>706,346</u>	–	<u>864,804</u>
Revenue from contracts with customers	158,458	706,346	–	864,804
Rental income	<u>5,318</u>	<u>6,633</u>	<u>1,275</u>	<u>13,226</u>
Total segment revenue	<u><u>163,776</u></u>	<u><u>712,979</u></u>	<u><u>1,275</u></u>	<u><u>878,030</u></u>
Segment (loss) profit	(15,778)	35,000	77,302	96,524
Bank interest income				103
Interest income from a deposit placed for a life insurance policy				1,205
Finance costs				(19,190)
Premium charges on a life insurance policy				(1,640)
Unallocated corporate expenses				<u>(38,414)</u>
Profit before taxation				<u><u>38,588</u></u>

For the year ended 31 December 2020

	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	172,663	634,641	–	–	807,304
Service income recognised over time	–	–	–	1,924	1,924
Revenue from contracts with customers	172,663	634,641	–	1,924	809,228
Rental income	2,083	2,677	3,310	–	8,070
Total segment revenue	<u>174,746</u>	<u>637,318</u>	<u>3,310</u>	<u>1,924</u>	<u>817,298</u>
Segment profit (loss)	3,735	(49,669)	213,456	(15,374)	152,148
Bank interest income					73
Interest income from a deposit placed for a life insurance policy					1,180
Finance costs					(19,470)
Premium charges on a life insurance policy					(1,595)
Unallocated corporate expenses					<u>(35,551)</u>
Profit before taxation					<u>96,785</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note to the consolidated financial statements. 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.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	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>
At 31 December 2021					
Assets					
Segment assets	255,342	727,885	1,840,514	–	2,823,741
Unallocated assets					<u>956,816</u>
Consolidated total assets					<u><u>3,780,557</u></u>
Liabilities					
Segment liabilities	64,202	172,721	375,957	–	612,880
Unallocated liabilities					<u>1,228,086</u>
Consolidated total liabilities					<u><u>1,840,966</u></u>
At 31 December 2020					
Assets					
Segment assets	254,827	640,338	1,777,625	2,038	2,674,828
Unallocated assets					<u>235,768</u>
Consolidated total assets					<u><u>2,910,596</u></u>
Liabilities					
Segment liabilities	50,106	252,611	369,557	3,921	676,195
Unallocated liabilities					<u>380,204</u>
Consolidated total liabilities					<u><u>1,056,399</u></u>

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, secured bank borrowings, certain lease liabilities and accruals of administrative expenses in head office.

Other segment information

For the year ended 31 December 2021

	Household products <i>HK\$'000</i>	PVC pipes and fittings <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment (loss) profit or segment assets:						
Addition to property, plant and equipment	7,048	21,023	–	28,071	–	28,071
Depreciation of property, plant and equipment	14,666	25,300	–	39,966	1,940	41,906
Depreciation of right-of-use assets	1,176	1,426	–	2,602	–	2,602
Impairment loss reversed on trade receivables	–	(20,165)	–	(20,165)	–	(20,165)
Net foreign exchange loss	4,357	5,040	–	9,397	–	9,397
Loss on disposal/write-off of property, plant and equipment	69	9,027	–	9,096	–	9,096
Gain arising from changes in fair value of investment properties	–	–	(684)	(684)	–	(684)
Gain arising from changes in fair value of long-term other assets	–	–	(63,392)	(63,392)	–	(63,392)
	<u>–</u>	<u>–</u>	<u>(63,392)</u>	<u>(63,392)</u>	<u>–</u>	<u>(63,392)</u>

For the year ended 31 December 2020

	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>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit (loss) or segment assets:							
Addition to property, plant and equipment	8,972	25,905	-	-	34,877	-	34,877
Depreciation of property, plant and equipment	4,966	28,646	-	7,029	40,641	1,940	42,581
Depreciation of right-of-use assets	816	1,319	-	1,922	4,057	-	4,057
Impairment loss recognised on trade receivables	-	26,018	-	335	26,353	-	26,353
Impairment loss reversed on other receivables	-	(173)	-	-	(173)	-	(173)
Net foreign exchange loss	14,913	7,430	-	300	22,643	-	22,643
Loss (gain) on disposal/write-off of property, plant and equipment	2,756	169	-	(1,389)	1,536	-	1,536
Loss on disposal of right-of-use assets	151	-	-	-	151	-	151
Loss arising from changes in fair value of investment properties	-	-	1,825	-	1,825	-	1,825
Gain arising from changes in fair value of long-term other assets	-	-	(207,210)	-	(207,210)	-	(207,210)

Geographical information

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

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

More than 90% of the Group's non-current assets are located in the PRC. Accordingly, no non-current assets by geographical location is presented.

Information about major customer

Revenue from customer of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	Year ended	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A ¹	<u><u>118,665</u></u>	<u><u>N/A²</u></u>

¹ Revenue from PVC pipes and fittings

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

3. OTHER GAINS AND LOSSES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net foreign exchange loss	(9,397)	(22,643)
Gain (loss) arising from changes in fair value of investment properties	684	(1,825)
Loss on disposal/write-off of property, plant and equipment	(9,096)	(1,536)
Loss on disposal of right-of-use assets	–	(151)
Recovery of trade receivables previously written off	<u>11,517</u>	<u>–</u>
	<u><u>(6,292)</u></u>	<u><u>(26,155)</u></u>

4. FINANCE COSTS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
– secured bank borrowings	7,368	8,669
– lease liabilities	–	104
Interest/imputed interest on:		
– amounts due to directors	4,546	4,168
– Deposits Received from Redevelopment Project	<u>7,276</u>	<u>6,529</u>
	<u><u>19,190</u></u>	<u><u>19,470</u></u>

5. TAXATION (CREDIT) CHARGE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PRC Enterprise Income Tax (“EIT”)		
– charge for the year	517	6,343
– overprovision in prior years	(1,865)	(2,566)
– withholding tax on profits of a non-resident in the PRC	–	1,058
	<u>(1,348)</u>	<u>4,835</u>
Deferred taxation (credit) charge		
– (credit) charge for the year	(10,152)	18,734
– withholding tax on profits of a non-resident in the PRC	6,066	4,232
	<u>(4,086)</u>	<u>22,966</u>
Total	<u><u>(5,434)</u></u>	<u><u>27,801</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% for both years.

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

6. PROFIT FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' emoluments	18,239	25,990
Other staff's salaries and wages	72,955	73,789
Other staff's retirement benefit scheme contributions	2,490	1,713
Share-based payments	—	1,192
	<hr/>	<hr/>
Total staff costs	93,684	102,684
	<hr/>	<hr/>
Depreciation of property, plant and equipment	41,906	42,581
Depreciation of right-of-use assets	2,602	4,057
	<hr/>	<hr/>
Total depreciation	44,508	46,638
	<hr/>	<hr/>
Auditors' remuneration	2,858	2,705
Cost of inventories recognised as an expense	728,606	649,867
Premium charges on a life insurance policy	1,640	1,595
and after crediting:		
Gross rental income from investment properties	1,275	3,310
<i>Less: direct operating expenses that generated rental income</i>	<i>(253)</i>	<i>(238)</i>
	<hr/>	<hr/>
	1,022	3,072
	<hr/> <hr/>	<hr/> <hr/>

7. DIVIDENDS

No final dividend was paid or proposed during both years ended 31 December 2021 and 31 December 2020, nor has dividend been proposed since the end of both reporting periods.

8. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the purposes of calculating basic and diluted earnings per share	<u><u>44,022</u></u>	<u><u>68,984</u></u>
	Number of shares	
	2021	2020
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>768,239,613</u>	764,317,421
Effect of dilutive potential ordinary shares on share options	<u>28,140,915</u>	<u>1,617,915</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>796,380,528</u></u>	<u><u>765,935,336</u></u>

9. REDEVELOPMENT PROJECT

	Fair value of compensated properties <i>HK\$'000</i>	Present value of compensation income receivable <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2019	1,439,851	77,581	1,517,432
Gain arising from changes in fair value of long-term other assets	207,210	–	207,210
Imputed interest income from compensation income receivable from Redevelopment Project	–	4,063	4,063
Compensation received from Redevelopment Project	–	(25,457)	(25,457)
Exchange realignment/difference	<u>34,952</u>	<u>3,690</u>	<u>38,642</u>
At 31 December 2020	1,682,013	59,877	1,741,890
Gain arising from changes in fair value of long-term other assets	63,392	–	63,392
Imputed interest income from compensation income receivable from Redevelopment Project	–	2,866	2,866
Compensation received from Redevelopment Project	–	(20,655)	(20,655)
Exchange realignment/difference	<u>15,200</u>	<u>1,401</u>	<u>16,601</u>
At 31 December 2021	<u><u>1,760,605</u></u>	<u><u>43,489</u></u>	<u><u>1,804,094</u></u>

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 constituted 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”).

Upon signing the Provisional Agreement, an interest-free refundable deposit amounting to RMB30,000,000 (equivalent to approximately HK\$36,675,000 (2020: HK\$35,672,000)) 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. 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 2021, the carrying amount of the Prepayment amounted to HK\$10,750,000 (2020: HK\$10,750,000).

On 16 August 2017, Welidy and World (Baoan) further entered into a supplementary agreement to the Provisional Agreement (the “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 (“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”.

The Transaction with the Ultimate Developer was completed on 8 August 2018.

As at 31 December 2021, the principal amount of the Deposits Received amounting to RMB110,000,000 (equivalent to approximately HK\$134,474,000) (2020: RMB110,000,000 (equivalent to approximately HK\$130,797,000)) with carrying amount of HK\$125,233,000 (2020: HK\$118,186,000). The Deposits Received is measured at amortised cost using the effective interest rate at 6% per annum.

As the fair value of the Compensated Properties 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 at the end of the reporting period have been arrived at on the basis of a valuation carried out 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 2021 and 2020, the fair value of Compensated Properties was determined based on direct comparison method making reference to market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject properties. The market unit rate of the Compensated Properties used in the valuation was referenced to similar commercial properties, which ranged from RMB22,500 to RMB50,000 (2020: RMB22,500 to RMB50,000) and similar residential properties, which ranged from RMB42,000 (2020: RMB42,000). Market unit rate, which mainly taking into account of the time, location, frontage and size are considered as significant unobservable input. A significant increase in the market unit rate used would result in a significant increase in the fair value of the Compensated Properties, and vice versa. Other key inputs and significant assumptions which involve judgements, included discount rate and time to completion. The discount rate used in the valuation was referenced to the applicable market yield of similar properties. The fair value measurements of Compensated Properties are categorised as Level 3 of the fair value hierarchy. There were no transfers into or out of Level 2 or Level 3 during both years.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	117,828	124,239
31 – 60 days	68,884	65,584
61 – 90 days	53,626	40,741
91 – 180 days	58,224	57,042
Over 180 days	62,277	30,861
	<hr/>	<hr/>
Trade receivables, net of allowance for credit losses	360,839	318,467
Prepayments for raw materials, deposits and other receivables	21,240	11,443
Deposit and prepayments for a life insurance policy	1,689	1,640
	<hr/>	<hr/>
Total trade and other receivables	383,768	331,550
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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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	50,091	128,425
31 – 60 days	21,116	26,009
61 – 90 days	6,826	15,363
Over 90 days	89,739	76,410
Total trade and bills payables	167,772	246,207
Other payables	904,987	57,303
Total trade and other payables	<u>1,072,759</u>	<u>303,510</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accrued expenses	18,886	17,844
Deposits received	9,617	7,732
Payable on acquisition of property, plant and equipment	11,126	6,922
Interest payables	15,434	11,445
Value-added tax payables	252	1,810
Wages and bonus payable	4,495	4,929
Property tax and other tax payables	481	952
Compensation receipt in advance for land resumption (<i>Note</i>)	837,939	–
Others	6,757	5,669
	<u>904,987</u>	<u>57,303</u>

Note:

On 5 November 2021, two wholly-owned subsidiaries of the Company, World Houseware Producing Company Limited (“World Producing”) and 南塑建材塑膠製品(深圳)有限公司 Nam Sok Building Material & Plastic Products (Shenzhen) Co., Ltd. (“Nam Sok”) have entered into an agreement with 深圳市龍崗區平湖街道辦事處 Pinghu Street Office, 深圳市龍崗區土地整備事務中心 Land Development Affair Centre and 深圳市規劃和自然資源局龍崗管理局 Planning and Natural Resources Bureau (the “Office, Centre, and Bureau”) in relation to land resumption (the “Land Resumption Agreement”).

Pursuant to the Land Resumption Agreement, World Producing and Nam Sok are responsible for the provision of the existing land which has been used by the Group as production factory and office buildings for its manufacturing and sale of PVC pipes and fittings (the “Existing Land”) and the demolition of the buildings, structures, greening and relevant fixtures erected on the land. The Office, Centre, and Bureau will compensate to World Producing and Nam Sok a piece of land for residential use with ancillary commercial and community uses (the “Replacement Land”). If the fair value of the Replacement Land is less than the fair value of the Existing Land, the difference will be compensated by the Shenzhen Municipal Government as monetary compensation for the land compensation price difference (the “Land Compensation Price Difference”). The Land Compensation Price Difference will be determined based on the final valuation of the Replacement Land, which is subject to the approval by the Shenzhen Municipal Government.

Apart from the above compensation, in view that the Group is required to relocate its factories and office buildings on the Existing Land as a result of the land resumption (the “Relocation”), the Office, Centre, and Bureau agreed to compensate the Group an amount of approximately RMB385,434,000 (equivalent to approximately HK\$471,191,000) (the “Relocation Compensation”). The amount is subject to final review of the compensation.

The Office, Centre, and Bureau also agreed to compensate to the Group (the “Underground Compensation”) for the cost of restoration of the underground construction at the Existing Land. Up to the date of this report, the Underground Compensation has not been determined.

As at 31 December 2021, the Group has received Relocation Compensation of RMB385,434,000 (equivalent to approximately HK\$471,191,000) from the Office, Centre, and Bureau. In addition, the Group has received of RMB300,000,000 (equivalent to approximately HK\$366,748,000) from the Office, Centre, and Bureau as an advance payment for the Land Compensation Price Difference. The remaining portion of the Land Compensation Price Difference will be paid by the Office, Centre, and Bureau upon approval process and subject to the final valuation of the Replacement Land.

FINAL DIVIDEND

The directors resolved not to recommend the payment of final dividend for the year ended 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

- The Group recorded a turnover of HK\$878,030,000 for the year ended 31 December 2021, representing an increase of 7.4% as compared to the same period last year.
- Gross profit and gross profit margin of the Group recorded were HK\$149,424,000 and 17.0%, representing a decrease of HK\$18,007,000 and a decrease of 10.8% respectively as compared to the same period last year.
- Profit for the year was HK\$44,022,000, as compared to a profit of HK\$68,984,000 for the same period last year.
- Basic profit per share was 5.73 HK cents, as compared to profit per share of 9.03 HK cents for the same period last year.

BUSINESS REVIEW

For the year ended 31 December 2021, the Group recorded a consolidated turnover of HK\$878,030,000 representing an increase of 7.4% when comparing with HK\$817,298,000 last year. Gross profit and gross profit margin were HK\$149,424,000 and 17% respectively. Profit for the year was HK\$44,022,000.

During the year of 2021, due to the continued outspread of the novel coronavirus, the Group experienced difficulties in certain business.

For the household products business, the business turnover was HK\$163,776,000 which represented a decrease of 6.3% when comparing with HK\$174,746,000 last year. The business had recorded a segment loss of HK\$15,778,000.

For PVC pipes and fittings manufacturing business, the business turnover was HK\$712,979,000 representing an increase of 11.9% when comparing with HK\$637,318,000 last year and the business had recorded a segment profit of HK\$35,000,000.

The gains arising from changes in fair value of investment properties and long-term other assets was HK\$684,000 and HK\$63,392,000 respectively.

PROSPECTS

Looking ahead, the Covid-19 pandemic will continue to bring about a lot of challenges and difficulties to the business of the Group.

For the PingShan Good Time Urban Renewal Project (花樣年旭輝好時光家園), the construction is progressing as scheduled and it is expected that when the allotment of the shopping mall, carparks and residential flats and related premises will be completed and handed over to the Group, the Project will generate satisfactory results for the Group.

Regarding the Group's Circular and Notice of the extraordinary general meeting published on 17 March 2022 concerning the intention of the PRC government for the resumption of the Group's land parcel no. G05701-4 located at Pinghu Street, Longgang District, Shenzhen City, the PRC, it is expected that after the approval of the shareholders and our efforts to meet the target development, it will generate good results to the Group.

In the face of difficulties and unexpected challenges, the Group will strive to do its best to adjust its strategy and strengthen its core business expecting a bright future for 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 2021, the Group had bank balances and cash and pledged bank deposits of approximately HK\$849,593,000 (31.12.2020: HK\$126,111,000) and had interest-bearing bank borrowings of approximately HK\$208,039,000 (31.12.2020: HK\$197,110,000). 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 2021 amounted to HK\$475,950,000; of which HK\$208,039,000 of the banking facilities was utilised (utilisation rate was at 43.7%).

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 2021, the Group had current assets of approximately HK\$1,449,517,000 (31.12.2020: HK\$624,983,000). The Group's current ratio was approximately 1.10 as at 31 December 2021 as compared with approximately 1.14 as at 31 December 2020. Total shareholders' funds of the Group as at 31 December 2021 increase by 4.6% to HK\$1,939,591,000 (31.12.2020: HK\$1,854,197,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2021 was 0.95 (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\$145,736,000 (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 31 December 2021, the Group employed a total workforce of about 710 staff (31.12.2020: 796) including 682 staff (31.12.2020: 768) in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$75,445,000 (31.12.2020: HK\$76,694,000). 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 2021, 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 8 June 2022 to 14 June 2022 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 14 June 2022, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 7 June 2022.

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 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.

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 2021.

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 2021 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..

PUBLICATION OF ANNUAL REPORT

The 2021 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

WORLD HOUSEWARE (HOLDINGS) LIMITED

Lee Tat Hing

Chairman

Hong Kong, 29 March 2022

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. Ho Tak Kay and Mr. Hui Chi Kuen Thomas.