



# World Houseware (Holdings) Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock code: 713

# 2022

Interim Report

# Contents

Corporate Information	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Report on Review of Condensed Consolidated Financial Statements	23
Management Discussion and Analysis	25
Other Information	30

## Corporate Information

### BOARD OF DIRECTORS

#### *Executive Directors*

Mr. Lee Tat Hing (*Chairman*)

Madam Fung Mei Po (*Vice Chairperson and  
Chief Executive Officer*)

Mr. Lee Chun Sing (*Vice Chairman*)

Mr. Lee Kwok Sing Stanley

#### *Non-Executive Director*

Mr. Cheung Tze Man Edward

#### *Independent Non-Executive Directors*

Mr. Tsui Chi Him Steve

Mr. Ho Tak Kay

Mr. Hui Chi Kuen Thomas

### QUALIFIED ACCOUNTANT

Mr. Leung Cho Wai, *FCCA, CPA*

### COMPANY SECRETARY

Mr. Tsui Chi Yuen, *CPA*

### PRINCIPAL OFFICE

Flat C, 18th Floor

Bold Win Industrial Building

16-18 Wah Sing Street

Kwai Chung

New Territories

Hong Kong

### REGISTERED OFFICE

P.O. Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

### PRINCIPAL BANKERS

Standard Chartered Bank

HSBC

Bank of China

Hang Seng Bank

DBS Hong Kong

### AUDITORS

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditors

### SHARE REGISTRARS AND TRANSFER OFFICES

#### *In Hong Kong*

Tricor Secretaries Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

#### *In the Cayman Islands*

The R&H Trust Co. Ltd.

P.O. Box 897

Windward 1

Regatta Office Park

Grand Cayman KY1-1103

Cayman Islands

### STOCK CODE

713

### COMPANY'S WEBSITE

<http://www.worldhse.com>

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 2022 together with the comparative figures for the corresponding period in 2021:

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	NOTES	1.1.2022 to 30.6.2022 HK\$'000 (unaudited)	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)
Turnover	3	320,919	410,856
Cost of sales		(282,312)	(321,540)
Gross profit		38,607	89,316
Other income		2,714	6,124
Other gains and losses	4	13,319	(2,610)
(Loss) gain arising from change in fair value of long-term other assets		(58,068)	40,814
Selling and distribution costs		(31,676)	(37,810)
Administrative expenses		(57,057)	(65,268)
Impairment loss (recognised) reversed under expected credit loss model, net of reversal		(13,960)	6,317
Finance costs	5	(11,849)	(9,273)
(Loss) profit before taxation	6	(117,970)	27,610
Taxation credit (charge)	7	5,216	(1,903)
(Loss) profit for the period		(112,754)	25,707
Other comprehensive (expense) income: <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences arising on translation of foreign operations		(60,439)	10,343
Total comprehensive (expense) income for the period		(173,193)	36,050
(Loss) earnings per share	9		
Basic (HK cents per share)		(14.53)	3.35
Diluted (HK cents per share)		(14.53)	3.20

# Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	10	34,453	36,419
Property, plant and equipment	11	352,484	357,723
Right-of-use assets		137,678	58,260
Deposits paid for acquisition of property, plant and equipment		15,075	15,788
Deposit and prepayments for a life insurance policy		47,747	48,006
Long-term prepayment		10,750	10,750
Long-term other assets	12	1,722,996	1,804,094
		<b>2,321,183</b>	2,331,040
<b>Current assets</b>			
Inventories		173,863	206,787
Trade and other receivables	13	313,790	383,768
Contract assets		13,461	8,804
Taxation recoverable		541	565
Pledged bank deposits		6,162	6,162
Bank balances and cash		715,160	843,431
		<b>1,222,977</b>	1,449,517
<b>Current liabilities</b>			
Trade and other payables	14	1,003,537	1,072,759
Contract liabilities		17,685	6,960
Amounts due to directors		21,760	24,760
Taxation payable		359	–
Lease liabilities		16,111	–
Secured bank borrowings	15	131,250	208,039
		<b>1,190,702</b>	1,312,518
<b>Net current assets</b>		<b>32,275</b>	136,999
<b>Total assets less current liabilities</b>		<b>2,353,458</b>	2,468,039

# Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2022

	NOTES	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Non-current liabilities			
Amounts due to directors		154,680	151,300
Deposits received	12	121,677	125,233
Lease liabilities		70,516	–
Deferred taxation		240,065	251,915
		<b>586,938</b>	528,448
Net assets		<b>1,766,520</b>	1,939,591
Capital and reserves			
Share capital	16	77,612	77,612
Reserves		1,688,908	1,861,979
Total equity		<b>1,766,520</b>	1,939,591

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital HK\$'000	Share premium HK\$'000	Non-distributable reserve HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Share option reserve HK\$'000	Translation reserve HK\$'000	PRC statutory surplus reserve HK\$'000 (Note c)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	77,612	347,990	251,393	10,345	13,215	316,462	49,432	873,142	1,939,591
Loss for the period	-	-	-	-	-	-	-	(112,754)	(112,754)
Other comprehensive expense for the period	-	-	-	-	-	(60,439)	-	-	(60,439)
Total comprehensive expense for the period	-	-	-	-	-	(60,439)	-	(112,754)	(173,193)
Deemed contribution arising from cashflow estimates on amount due to a director	-	-	-	122	-	-	-	-	122
At 30 June 2022 (unaudited)	77,612	347,990	251,393	10,467	13,215	256,023	49,432	760,388	1,766,520
At 1 January 2021 (audited)	76,432	343,659	251,393	9,910	15,109	279,258	46,899	831,537	1,854,197
Profit for the period	-	-	-	-	-	-	-	25,707	25,707
Other comprehensive income for the period	-	-	-	-	-	10,343	-	-	10,343
Total comprehensive income for the period	-	-	-	-	-	10,343	-	25,707	36,050
Exercise of share options	320	1,144	-	-	(475)	-	-	-	989
At 30 June 2021 (unaudited)	76,752	344,803	251,393	9,910	14,634	289,601	46,899	857,244	1,891,236

## Notes:

- The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries.
- The capital reserve of the Group arose from deemed contribution from the owners of the Company.
- As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to maintain a statutory surplus reserve fund. Statutory surplus reserve fund is non-distributable. Appropriations to such reserves are made out of net profit after taxation of the PRC subsidiaries at the discretion of its board of directors. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied to convert into capital by means of capitalisation issue.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	<b>1.1.2022</b> to <b>30.6.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)
Net cash from (used in) operating activities	<b>16,298</b>	(73,718)
Cash flows from investing activities		
Interest received	<b>3,049</b>	620
Purchase of property, plant and equipment	<b>(30,218)</b>	(11,843)
Compensation received from redevelopment project	–	13,720
Proceeds from disposal of property, plant and equipment	–	5
Net cash (used in) from investing activities	<b>(27,169)</b>	2,502
Cash flows from financing activities		
Bank loans raised	<b>60,145</b>	142,133
Repayments of bank loans	<b>(118,222)</b>	(143,403)
Other financing cash flows	<b>(22,320)</b>	(2,973)
Repayments of lease liabilities	<b>(4,508)</b>	(613)
Exercise of share options	–	989
Net cash used in financing activities	<b>(84,905)</b>	(3,867)
Net decrease in cash and cash equivalents	<b>(95,776)</b>	(75,083)
Cash and cash equivalents at 1 January	<b>843,431</b>	119,949
Effect of foreign currency rate changes	<b>(32,495)</b>	1,461
Cash and cash equivalents at 30 June, represented by bank balances and cash	<b>715,160</b>	46,327



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 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, as appropriate.

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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

### 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 Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

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.

### 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

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 2022 (unaudited)

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
Turnover				
Sales of goods recognised at a point in time	64,417	252,671	–	317,088
Revenue from contracts with customers	64,417	252,671	–	317,088
Rental income	3,188	478	165	3,831
Total segment revenue	67,605	253,149	165	320,919
Segment loss	(1,335)	(32,748)	(70,996)	(105,079)
Bank interest income				2,437
Interest income from a deposit placed for a life insurance policy				612
Finance costs				(1,053)
Premium charges on a life insurance policy				(843)
Unallocated corporate expenses				(14,044)
Loss before taxation				(117,970)

### 3. TURNOVER AND SEGMENT INFORMATION (Continued)

#### Six months ended 30 June 2021 (unaudited)

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
Turnover				
Sales of goods recognised at a point in time	74,675	329,585	–	404,260
Revenue from contracts with customers	74,675	329,585	–	404,260
Rental income	3,058	1,873	1,665	6,596
Total segment revenue	77,733	331,458	1,665	410,856
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				(19,887)
Profit before taxation				27,610

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, certain 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

	<b>1.1.2022</b>	1.1.2021
	<b>to</b>	to
	<b>30.6.2022</b>	30.6.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
(Loss) gain arising from changes in fair value of investment properties	<b>(1,966)</b>	739
Net foreign exchange gain (loss)	<b>15,318</b>	(3,320)
Loss on disposal of property, plant and equipment	<b>(33)</b>	(29)
	<b>13,319</b>	(2,610)

#### 5. FINANCE COSTS

	<b>1.1.2022</b>	1.1.2021
	<b>to</b>	to
	<b>30.6.2022</b>	30.6.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest on:		
– secured bank borrowings	<b>3,162</b>	3,434
– lease liabilities	<b>2,580</b>	–
Interest/imputed interest on		
– amounts due to directors	<b>2,349</b>	2,241
– deposits received from redevelopment project	<b>3,758</b>	3,598
	<b>11,849</b>	9,273

## 6. (LOSS) PROFIT BEFORE TAXATION

	<b>1.1.2022</b>	1.1.2021
	<b>to</b>	to
	<b>30.6.2022</b>	30.6.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>25,621</b>	20,388
Depreciation of right-of-use assets	<b>10,656</b>	1,531
and after crediting:		
Gross rental income from investment properties	<b>3,831</b>	6,596
Less: direct operating expenses that generated rental income	<b>(110)</b>	(207)
	<b>3,721</b>	6,389
Imputed interest income arising from long-term other assets	<b>1,033</b>	1,662
Bank interest income	<b>2,437</b>	21
Imputed interest income from a deposit placed for a life insurance policy	<b>612</b>	599

## 7. TAXATION (CREDIT) CHARGE

	<b>1.1.2022</b>	1.1.2021
	<b>to</b>	to
	<b>30.6.2022</b>	30.6.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
PRC Enterprise Income Tax ("EIT")		
– charge for the period	<b>522</b>	1,245
– under (over) provision in prior years	<b>85</b>	(434)
	<b>607</b>	811
Deferred taxation (credit) charge		
– credit for the period	<b>(9,182)</b>	(1,986)
– withholding tax on profits of non-resident in the PRC	<b>3,359</b>	3,078
	<b>(5,823)</b>	1,092
Taxation (credit) charge for the period	<b>(5,216)</b>	1,903

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%.

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 2021 and 31 December 2020 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 2021: nil).

## 9. (LOSS) EARNINGS PER SHARE

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

	<b>1.1.2022</b>	1.1.2021
	<b>to</b>	to
	<b>30.6.2022</b>	30.6.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
(Loss) profit for the purposes of calculating basic and diluted (loss) earnings per share	<b>(112,754)</b>	25,707

	<b>Number of shares</b>	
	<b>30.6.2022</b>	30.6.2021
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>776,117,421</b>	767,517,421
Effect of dilutive potential ordinary shares on share options	–	35,165,304
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<b>776,117,421</b>	802,682,725

The diluted loss per share for the period ended 30 June 2022 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. INVESTMENT PROPERTIES

The Group's investment properties were measured in fair value by an independent professional valuer at 30 June 2022 by reference to comparable sales transactions as available in the relevant markets and where appropriate on the basis of capitalisation of the relevant net income, resulting a decrease in fair value of investment properties of HK\$1,966,000 (increase in fair value for six months ended 30 June 2021: HK\$739,000), which has been recognised directly in profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group incurred HK\$30,218,000 (for six months ended 30 June 2021: HK\$11,843,000) on acquisition of property, plant and equipment, HK\$4,784,000 (for six months ended 30 June 2021: HK\$110,000) on construction costs of new manufacturing plants in the PRC.

## 12. REDEVELOPMENT PROJECT

On 8 August 2018, the transaction in which the Group agreed to surrender a piece of land to a property developer for certain residential or commercial properties (the “Compensated Properties”) to be built under a redevelopment project was completed (the “Transaction”). The consideration for the Transaction has 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 property developer up to the date of receipt of all the Compensated Properties. In addition, certain deposits were received from the property developer.

As at 30 June 2022, the principal amount of the deposits received from the property developer amounting to RMB110,000,000 (equivalent to approximately HK\$128,655,000) (31 December 2021: RMB110,000,000 (equivalent to approximately HK\$134,474,000)). 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.

As at 30 June 2022, the long-term other assets of RMB1,473,162,000 (equivalent to approximately HK\$1,722,996,000) (31 December 2021: RMB1,475,749,000 (equivalent to approximately HK\$1,804,094,000)) consists of the present value of the future monthly compensation income receivable of RMB36,424,000 (equivalent to approximately HK\$42,601,000) (31 December 2021: RMB35,574,000 (equivalent to approximately HK\$43,489,000)) and the fair value of the Compensated Properties of RMB1,436,738,000 (equivalent to approximately HK\$1,680,395,000) (31 December 2021: RMB1,440,175,000 (equivalent to approximately HK\$1,760,605,000)).



## 12. REDEVELOPMENT PROJECT *(Continued)*

As at 30 June 2022 and 31 December 2021, 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 (31 December 2021: RMB22,500 to RMB50,000) and similar residential properties, which was RMB42,000 (31 December 2021: 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 periods.

### 13. 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 respective revenue recognition dates, net of allowance for credit losses, and breakdown of other receivables and prepayments at the end of the reporting period:

	<b>30.6.2022</b>	31.12.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
0 – 30 days	<b>100,536</b>	117,828
31 – 60 days	<b>43,244</b>	68,884
61 – 90 days	<b>33,006</b>	53,626
91 – 180 days	<b>62,770</b>	58,224
Over 180 days	<b>63,545</b>	62,277
<hr/>		
Trade receivables, net of allowance for credit losses	<b>303,101</b>	360,839
Prepayments for raw materials, deposits and other receivables	<b>8,972</b>	21,240
Deposit and prepayments for a life insurance policy	<b>1,717</b>	1,689
<hr/>		
Total trade and other receivables	<b>313,790</b>	383,768

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.

#### 14. 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:

	<b>30.6.2022</b>	31.12.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
0 – 30 days	<b>48,829</b>	50,091
31 – 60 days	<b>5,748</b>	21,116
61 – 90 days	<b>14,421</b>	6,826
Over 90 days	<b>71,705</b>	89,739
<hr/>		
Total trade and bills payables	<b>140,703</b>	167,772
Other payables ( <i>Note</i> )	<b>862,834</b>	904,987
<hr/>		
Total trade and other payables	<b>1,003,537</b>	1,072,759

*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”).

#### 14. TRADE AND OTHER PAYABLES (Continued)

*Note: (Continued)*

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\$450,800,000) (31 December 2021: 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 30 June 2022, the Group has received Relocation Compensation of RMB385,434,000 (equivalent to approximately HK\$450,800,000) (31 December 2021: RMB385,434,000 (equivalent to approximately HK\$471,191,000)) from the Office, Centre, and Bureau. In addition, the Group has received RMB300,000,000 (equivalent to approximately HK\$350,877,000) (31 December 2021: 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.

## 15. SECURED BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of approximately HK\$60,145,000 (for six months ended 30 June 2021: HK\$142,133,000) and repaid bank loans of HK\$118,222,000 (for six months ended 30 June 2021: HK\$143,403,000). The proceeds were used to finance the general working capital of the Group. Certain bank borrowings were secured by pledged bank deposits and certain non-current assets amounting to approximately HK\$173,408,000 (for six months ended 30 June 2021: HK\$204,267,000).

## 16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	1,500,000,000	150,000
Issued and fully paid:		
At 1 January 2021	764,317,421	76,432
Exercise of share options ( <i>Note</i> )	3,200,000	320
At 30 June 2021	767,517,421	76,752
Exercise of share options ( <i>Note</i> )	8,600,000	860
At 1 January 2022 and 30 June 2022	776,117,421	77,612

*Note:* During the year ended 31 December 2021, 2,000,000 shares of HK\$0.1 each were issued to the share option holders at HK\$0.237 per share upon exercise of the share options granted on 24 October 2011, 7,500,000 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, 300,000 shares of HK\$0.1 each were issued to the share option holders at HK\$0.58 per share upon exercise of the share options granted on 1 September 2015 and 2,000,000 shares of HK\$0.1 each were issued at HK\$0.357 per share upon exercise of the share options granted on 20 December 2020 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.

## 17. CAPITAL COMMITMENTS

	<b>30.6.2022</b>	31.12.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– plant and equipment	<b>6,851</b>	8,127
– buildings	<b>3,365</b>	3,517
	<b>10,216</b>	11,644

## 18. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

### (a) Compensation of key management personnel

	<b>1.1.2022</b>	1.1.2021
	<b>to</b>	to
	<b>30.6.2022</b>	30.6.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Short-term benefits	<b>9,246</b>	9,537
Retirement benefit scheme contributions	<b>36</b>	45
	<b>9,282</b>	9,582

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 18. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) During the six months ended 30 June 2022, Joy Tower Limited, a related party of the Group, provided its residential property to secure one of the Group's banking facilities amounting to HK\$57,394,000 (31 December 2021: HK\$54,394,000). Approximately HK\$40,745,000 (31 December 2021: HK\$46,069,000) was utilised in respect of this banking facility as at 30 June 2022.

Mr. Lee Tat Hing and his spouse, Ms. Fung Mei Po, the directors and controlling shareholders of the Company, are directors and controlling shareholders of Joy Tower Limited.

- (c) During the six months ended 30 June 2022, the Group incurred interest expenses of HK\$1,296,000 (for six months ended 30 June 2021: HK\$1,248,000) on the amount due to a director of the Company, Ms. Fung Mei Po.
- (d) During the six months ended 30 June 2022, the Group incurred interest expenses of HK\$1,053,000 (for six months ended 30 June 2021: HK\$993,000) on the amount due to a director of the Company, Mr. Lee Tat Hing.

# Report on Review of Condensed Consolidated Financial Statements

# Deloitte.

# 德勤

To the Board of  
Directors of World Houseware (Holdings) Limited  
世界(集團)有限公司  
(incorporated in the Cayman Islands with limited liability)

## Introduction

We have reviewed the condensed consolidated financial statements of World Houseware (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 3 to 22, which comprises the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

27 August 2022

# 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 2022. This interim report has been approved by the Board and the Audit Committee of the Company.

- The Group recorded a consolidated turnover of HK\$320,919,000 for the six months ended 30 June 2022, representing a decrease of 21.9% or HK\$89,937,000 as compared to HK\$410,856,000 of the same period last year.
- Gross profit of the Group was HK\$38,607,000, representing a decrease of 56.8% or HK\$50,709,000 as compared to HK\$89,316,000 of the same period last year. The gross profit margin was 12.0%, representing a decrease of 9.7% as compared to 21.7% of the same period last year.
- Loss for the period was HK\$112,754,000, as compared to a profit of HK\$25,707,000 for the same period last year.
- Basic loss per share was HK\$14.53 cents, as compared to basic earnings per share of HK\$3.35 cents for the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2022.

## BUSINESS REVIEW

For the period under review, the business of the Group has been affected by the COVID-19 pandemic and the turnover of export business has recorded a decrease. In order to co-operate and comply with the Shenzhen Municipal Government's "Land Consolidation Interest Overall Planning Project Management Measures", the factory premises in Pinghu, Shenzhen, the PRC for the production of PVC, PE, PP pipes and fittings has moved to a temporary leased factory premises. As a result, the production capacity has decreased and greatly affected the Group's business.

For the household products, the business turnover was HK\$64,417,000 representing a decreased of 13.7% when comparing with the same period last year and the business had recorded a segment loss of HK\$1,335,000.

For PVC pipe and fittings manufacturing business, the business turnover was HK\$252,671,000 representing a decreased of 23.3% when comparing with the same period last year and the business had recorded a segment loss of 32,748,000.

For the investment properties during the period under review, the change in fair value of such properties has resulted in decrease in fair value of HK\$1,966,000.

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. Loss arising from changes in fair value was HK\$58,068,000.

## PROSPECTS

Looking to the future, the adverse impact of the COVID-19 pandemic and the relocation of the Shenzhen factories of the PVC pipes and fittings manufacturing business, may hinder the future development of our businesses.

Facing with the above challenges 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 and enhance earnings to the Group.

## PROSPECTS *(Continued)*

For the Pingshan Good Time Urban Renewal Project of the Shenzhen Pingshan factories, the project is still under construction. The Group has monitored closely the progress of the project from time to time and it is anticipated that the project will be completed smoothly and generate the expected return to the Group.

For the Shenzhen Pinghu factory under the Land Consolidation Interest Overall Planning Project, it has been approved by the shareholders in an EGM held on 7 April 2022 and the project based on the relevant agreements is progressing smoothly as scheduled. It is expected to generate good return to the Group.

The Group will also strive to improve our business strategies, to monitor the COVID-19 situation, to cooperate with the trend of the development of China, to actively search for new business opportunities, and to unite the staff so as to increase profit and generate good return in fulfilling the Group's objectives.

By Order of the Board

**Lee Tat Hing**

*Chairman*

Hong Kong

27 August 2022

## 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 2022, the Group had bank balances and cash and pledged bank deposits of approximately HK\$721,322,000 (31.12.2021: HK\$849,593,000) and had interest-bearing bank borrowings of approximately HK\$131,250,000 (31.12.2021: HK\$208,039,000). 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 2022 amounted to HK\$465,724,000; of which HK\$131,250,000 of the banking facilities was utilised (utilisation rate was at 28.2%).

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 2022, the Group had current assets of approximately HK\$1,222,977,000 (31.12.2021: HK\$1,449,517,000). The Group's current ratio was approximately 1.03 as at 30 June 2022 as compared with approximately 1.10 as at 31 December 2021. Total shareholders' funds of the Group as at 30 June 2022 decreased by 8.92% to HK\$1,766,520,000 (31.12.2021: HK\$1,939,591,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2022 was 1.01 (31.12.2021: 0.95).

## 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\$129,943,000 (31.12.2021: HK\$145,736,000) 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 2022, the Group employed a total workforce of about 625 (30.6.2021: 747) including 598 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$28,754,000 (30.6.2021: HK\$35,622,000). 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.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 30 June 2022 the interests of the directors, chief executive and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”); or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of directors	Number of issued ordinary shares held					Total	Percentage of the issue share capital of the Company
	Personal interests	Family interests	Corporate interests	Other interests			
Lee Tat Hing	14,256,072	58,121,087 <sup>(a)</sup>	28,712,551 <sup>(c)</sup>	280,895,630 <sup>(d)</sup>	381,985,340	49.22%	
Fung Mei Po	58,121,087	42,968,623 <sup>(b)</sup>	–	280,895,630 <sup>(d)</sup>	381,985,340	49.22%	
Lee Chun Sing	34,315,830	2,526,000 <sup>(e)</sup>	–	280,895,630 <sup>(d)</sup>	317,737,460	40.94%	
Lee Kwok Sing Stanley	2,481,280	–	–	280,895,630 <sup>(d)</sup>	283,376,910	36.51%	
Hui Chi Kuen Thomas	1,300,000	–	–	–	1,300,000	0.17%	
Tsui Chi Him Steve	1,200,000	–	–	–	1,200,000	0.15%	
Cheung Tze Man Edward	2,000,000	–	–	–	2,000,000	0.26%	

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES (Continued)

### Notes:

- (a) Mr. Lee Tat Hing is the husband of Madam Fung Mei Po whose personal interests are therefore also the family interests of Mr. Lee Tat Hing.
- (b) Madam Fung Mei Po is the wife of Mr. Lee Tat Hing whose personal and corporate interests are therefore also the family interests of Madam Fung Mei Po.
- (c) The shares are held by Lees International Investments Limited, a company wholly owned by Mr. Lee Tat Hing. Mr. Lee Tat Hing is the sole director of Lees International Investments Limited.
- (d) 280,895,630 shares are wholly owned by a discretionary trust company namely Goldhill Profits Limited of which Mr. Lee Tat Hing, Madam Fung Mei Po, Mr. Lee Chun Sing and Mr. Lee Kwok Sing Stanley and other persons who are not directors and chief executive of the Company are the beneficiaries of the Company. Mr. Lee Tat Hing is the sole director of Goldhill Profits Limited.
- (e) The shares are held by Madam Lai Lai Wah, the wife of Mr. Lee Chun Sing whose personal interests are also the family interests of Mr. Lee Chun Sing.

At 30 June 2022 the following director had personal interests in the deferred non-voting shares of a subsidiary of the Company:

Name of director	Name of subsidiary	Number of deferred non-voting shares held
Fung Mei Po	World Home Linen Manufacturing Company Limited	100



## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Continued)***

The deferred shares do not carry any rights to vote at general meetings of this subsidiary or to participate in any distributions of profits until the profits of this subsidiary which are available for dividend exceed HK\$10 billion, or to receive a return of capital until a total sum of HK\$10 billion has been distributed to the ordinary shareholders of each of this subsidiary.

At 30 June 2022 save as aforesaid and options holdings disclosed under the heading of "Share Options and Directors' Rights to Acquire Shares or Debentures" and other than certain nominee shares in subsidiaries held by directors in trust for the Group, none of the directors, chief executives or their associates had any interests or short positions in the shares or any securities of the Company and its associated corporations.

## **SUBSTANTIAL SHAREHOLDERS**

At 30 June 2022 the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests in shares disclosed above in respect of the directors of the Company, the Company has not been notified of any other interests representing 5 percent or more of the Company's issued share capital as at 30 June 2022.

Save as disclosed in this interim report, the directors and chief executive of the Company are not aware of any other person who, as at 30 June 2022 had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO.

## SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The following table discloses movements in the Company's share option during the six months ended 30 June 2022:

	Date of grant	Exercise price HK\$	Exercisable period (Note 1)	Outstanding as at 31.12.2021 and 30.06.2022
Category 1: Directors				
Lee Tat Hing	01.09.2015	0.580	01.09.2015 to 31.08.2025	6,500,000
	22.12.2020	0.357	22.12.2020 to 21.12.2030	7,500,000
Fung Mei Po	22.12.2020	0.357	22.12.2020 to 21.12.2030	7,500,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	3,000,000
Lee Chun Sing	22.12.2020	0.357	22.12.2020 to 21.12.2030	5,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	4,500,000
Lee Kwok Sing Stanley	01.09.2015	0.580	01.09.2015 to 31.08.2025	3,000,000
	22.12.2020	0.357	22.12.2020 to 21.12.2030	1,100,000
Cheung Tze Man Edward	01.09.2015	0.580	01.09.2015 to 31.08.2025	500,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
Tsui Chi Him Steve	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	600,000
Hui Chi Kuen Thomas	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
Ho Tak Kay	12.11.2012	0.309	12.11.2012 to 11.11.2022	600,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
Category 2: Employees				
	12.11.2012	0.309	12.11.2012 to 11.11.2022	5,000,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	9,100,000
	22.12.2020	0.357	22.12.2020 to 21.12.2030	3,700,000
				57,900,000

*Note 1:* These share options are exercisable, starting from the date of options granted for a period of 10 years.

Save as disclosed above, none of the above share options were exercised since the date of grant.

Other than as disclosed above at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

During the six months ended 30 June 2022, 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 2022.

## **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 2022. 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 2022.

## **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

**Lee Tat Hing**

*Chairman*

Hong Kong, 27 August 2022