



World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 713

2015
Interim Report

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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 Pak Tung
Madam Chan Lai Kuen Anita
Mr. Lee Kwok Sing Stanley

Non-Executive Directors

Mr. Cheung Tze Man Edward
Mr. Wong Woon Chung Jonathan

Independent Non-Executive Directors

Mr. Tsui Chi Him Steve
Mr. Ho Tak Kay
Mr. Hui Chi Kuen Thomas
Mr. Shang Sze Ming

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

AUDITOR

Deloitte Touche Tohmatsu

SHARE REGISTRARS AND TRANSFER OFFICES

In Hong Kong

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

In the Cayman Islands

The R&H Trust Co. Ltd.
P.O. Box 897
Windard 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 2015 together with the comparative figures for the corresponding period in 2014:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	<i>Notes</i>	1.1.2015 to 30.6.2015 HK\$'000 (unaudited)	1.1.2014 to 30.6.2014 HK\$'000 (unaudited)
Turnover	3	440,663	455,352
Cost of sales		(381,610)	(409,752)
Gross profit		59,053	45,600
Other income		6,110	4,182
Other gains and losses	4	1,191	7,486
Selling and distribution costs		(13,226)	(9,370)
Administrative expenses		(61,356)	(56,319)
Finance costs	5	(7,372)	(5,906)
Loss before taxation		(15,600)	(14,327)
Taxation	6	(5,189)	(2,976)
Loss for the period	7	(20,789)	(17,303)
Other comprehensive income (expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		1,327	(29,832)
Total comprehensive expense for the period		(19,642)	(47,135)
Loss for the period attributable to:			
Owners of the Company		(20,789)	(17,301)
Non-controlling interests		-	(2)
		(20,789)	(17,303)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(19,462)	(47,133)
Non-controlling interests		-	(2)
		(19,462)	(47,135)
Loss per share	9		
Basic and diluted		HK(3.05) cents	HK(2.56) cents

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	<i>Notes</i>	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
Non-current assets			
Investment properties	<i>10</i>	31,540	30,130
Property, plant and equipment	<i>11</i>	747,180	747,490
Prepaid lease payments		78,627	79,779
Deposits paid for acquisition of property, plant and equipment		5,170	8,337
Deposit and prepayments for a life insurance policy		50,882	51,098
Intangible assets	<i>12</i>	368	583
Long-term prepayment	<i>19</i>	21,500	21,500
		935,267	938,917
Current assets			
Inventories		201,550	216,386
Trade and other receivables	<i>13</i>	325,206	294,458
Taxation recoverable		541	541
Pledged bank deposits		32,725	8,489
Bank balances and cash		49,944	48,656
		609,966	568,530
Current liabilities			
Trade and other payables	<i>14</i>	218,423	212,858
Amounts due to directors		34,192	36,827
Taxation payable		4,395	6,760
Bank borrowings	<i>15</i>	362,715	322,186
		619,725	578,631
Net current liabilities		(9,759)	(10,101)
Total assets less current liabilities		925,508	928,816

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2015

	<i>Notes</i>	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
Non-current liabilities			
Deferred taxation		4,981	4,693
Deposit received	<i>19</i>	37,453	37,406
		42,434	42,099
Net assets		883,074	886,717
Capital and reserves			
Share capital	<i>16</i>	73,542	67,642
Reserves		809,532	819,097
Equity attributable to owners of the Company		883,074	886,739
Non-controlling interests		–	(22)
Total equity		883,074	886,717

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Non-distributable reserve HK\$'000 (Note a)	Share option reserve HK\$'000	Translation reserve HK\$'000	PRC statutory surplus reserve HK\$'000 (Note b)	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2015 (audited)	67,642	313,127	251,393	13,022	321,940	21,826	(102,211)	886,739	(22)	886,717
Loss for the period	-	-	-	-	-	-	(20,789)	(20,789)	-	(20,789)
Other comprehensive expense for the period	-	-	-	-	1,327	-	-	1,327	-	1,327
Total comprehensive expense for the period	-	-	-	-	1,327	-	(20,789)	(19,462)	-	(19,462)
Exercise of share options (note 16)	5,900	17,188	-	(7,269)	-	-	-	15,819	-	15,819
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(22)	(22)	22	-
At 30 June 2015 (unaudited)	73,542	330,315	251,393	5,753	323,267	21,826	(123,022)	883,074	-	883,074
At 1 January 2014 (audited)	67,642	313,127	251,393	13,074	351,507	19,495	(51,048)	965,190	(18)	965,172
Loss for the period	-	-	-	-	-	-	(17,301)	(17,301)	(2)	(17,303)
Other comprehensive expense for the period	-	-	-	-	(29,832)	-	-	(29,832)	-	(29,832)
Total comprehensive expense for the period	-	-	-	-	(29,832)	-	(17,301)	(47,133)	(2)	(47,135)
At 30 June 2014 (unaudited)	67,642	313,127	251,393	13,074	321,675	19,495	(68,349)	918,057	(20)	918,037

Notes:

- (a) The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries.
- (b) 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 2015

	1.1.2015 to 30.6.2015 HK\$'000 (unaudited)	1.1.2014 to 30.6.2014 HK\$'000 (unaudited)
Net cash from operating activities	4,188	11,118
Net cash used in investing activities		
Purchase of property, plant and equipment	(19,869)	(72,794)
Deposits paid for acquisition of property, plant and equipment	(5,231)	(27,917)
Placement of pledged bank deposits	(28,734)	(2,819)
Proceeds from disposal of property, plant and equipment	282	3,912
Withdrawal of pledged bank deposits	4,406	3,249
Other investing cash flows	82	140
	(49,064)	(96,229)
Net cash from financing activities		
Bank loans raised	142,685	87,620
Exercise of share options	15,819	–
Repayment of bank loans	(113,162)	(39,736)
Repayment to directors	(2,635)	(155)
Other financing cash flows	2,983	(7,414)
	45,690	40,315
Net increase (decrease) in cash and cash equivalents	814	(44,796)
Cash and cash equivalents at 1 January	48,656	82,855
Effect of foreign currency rate changes	474	(3,176)
Cash and cash equivalents at 30 June, represented by bank balances and cash	49,944	34,883

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 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.

As at 30 June 2015, the Group had net current liabilities of HK\$9,759,000 (31 December 2014: HK\$10,101,000) which included borrowings due within one year of HK\$362,715,000 (31 December 2014: HK\$322,186,000). The directors believe the existing revolving bank borrowings of HK\$208,127,000 (31 December 2014: HK\$204,732,000) included in the current liabilities at the end of the reporting period could be successfully renewed on maturity date. The directors also do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment for the term loans of HK\$113,183,000 (31 December 2014: HK\$117,454,000) which are subject to repayable on demand clause but not repayable within one year based on the agreed scheduled repayments set out in the loan agreements. In addition, the Group had available unutilised borrowing facilities of HK\$356,561,000 (31 December 2014: HK\$326,599,000) as at 30 June 2015 which will be subject to review in years of 2015 and 2016. The directors are of the opinion that the Group has a good track record and relationship with banks which enhance the Group's ability to renew the borrowing facilities upon expiry.

Taking into account of the presently available banking facilities and internally generated funds of the Group, the directors of the Company are of the view that the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements::

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS 8 are as follows:

Household products	–	manufacture and distribution of household products
PVC pipes and fittings	–	manufacture and distribution of PVC pipes and fittings
Food waste recycling	–	food waste recycling business
Others	–	investment in properties

3. SEGMENT INFORMATION (Continued)

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

Six months ended 30 June 2015 (unaudited)

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Food waste recycling HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover						
Sales of goods						
External sales	157,432	279,671	2,210	-	-	439,313
Inter-segment sales	202	354	-	-	(556)	-
Rental income	-	-	-	1,350	-	1,350
Total segment revenue	157,634	280,025	2,210	1,350	(556)	440,663
Segment (loss) profit	(6,774)	13,616	(6,619)	2,307	-	2,530
Imputed interest income from deposit placed for a life insurance policy						528
Interest income						82
Premium charges on a life insurance policy						(735)
Unallocated corporate expenses						(10,633)
Finance costs						(7,372)
Loss before taxation						(15,600)

Inter-segment sales are charged at cost plus certain markup.

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2014 (unaudited)

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Food waste recycling HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover						
Sales of goods						
External sales	167,444	286,757	-	-	-	454,201
Inter-segment sales	185	62	-	-	(247)	-
Rental income	-	-	-	1,151	-	1,151
Total segment revenue	167,629	286,819	-	1,151	(247)	455,352
Segment (loss) profit	(6,439)	10,216	(2,934)	1,611	-	2,454
Interest income						140
Unallocated corporate expenses						(11,015)
Finance costs						(5,906)
Loss before taxation						(14,327)

Inter-segment sales are charged at cost plus certain markup.

Segment (loss) profit represents the (loss) incurred/profit earned by each segment without allocation of certain administration costs, imputed interest income from deposit placed for a life insurance policy, interest income, premium charges on a life insurance policy and finance costs. 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

	1.1.2015	1.1.2014
	to	to
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain arising from changes in fair value of investment properties	1,410	480
Loss on disposal of property, plant and equipment	(104)	(260)
Net foreign exchange (loss) gain	(115)	7,266
	1,191	7,486

5. FINANCE COSTS

	1.1.2015	1.1.2014
	to	to
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings		
– wholly repayable within five years	7,177	6,897
– not wholly repayable within five years	310	–
Interest on amount due to a director	492	–
	7,979	6,897
Less: amounts capitalised in the cost of qualifying assets	(607)	(991)
	7,372	5,906

6. TAXATION

	1.1.2015	1.1.2014
	to	to
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	4,906	3,132
Overprovision of Hong Kong Profits Tax in prior year	–	(192)
	4,906	2,940
Deferred taxation charge	283	36
Taxation charge for the period	5,189	2,976

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

PRC EIT is calculated at the applicable rate of 25% in accordance with the relevant laws and regulations in the PRC.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$131,881,000 (for six months ended 30 June 2014: HK\$105,362,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. LOSS FOR THE PERIOD

	1.1.2015	1.1.2014
	to	to
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	217	281
Amortisation of prepaid lease payments	1,252	1,267
Depreciation of property, plant and equipment	30,150	25,942
Impairment loss recognised on trade receivables	4,962	1,145
and after crediting:		
Gross rental income from investment properties	1,350	1,151
Less: Direct operating expenses that generated rental income	(41)	(31)
	1,309	1,120
Bank Interest income	82	140
Imputed interest income from a deposit placed for a life insurance policy	528	–

8. DIVIDENDS

No final dividends in respect of the years ended 31 December 2014 and 31 December 2013 were paid, declared or proposed during the current or prior interim period. The directors have determined that no dividend will be paid in respect of the current interim period (for six months ended 30 June 2014: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2015 is based on the loss for the period attributable to owners of the Company of HK\$20,789,000 (for six months ended 30 June 2014: HK\$17,301,000) and on 680,461,600 (for six months ended 30 June 2014: 676,417,401) ordinary shares for the purpose of loss per share during the period.

The diluted loss per share for the period ended 30 June 2015 and 30 June 2014 has not 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 fair valued by an independent professional valuer at 30 June 2015 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 an increase in fair value of investment properties of HK\$1,410,000 (for six months ended 30 June 2014: HK\$480,000), 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 2015, the Group spent HK\$17,985,000 (for six months ended 30 June 2014: HK\$21,530,000) on purchase of property, plant and equipment, HK\$2,329,000 (for six months ended 30 June 2014: HK\$10,783,000) and HK\$8,674,000 (for six months ended 30 June 2014: HK\$65,558,000) on construction costs of a new manufacturing plants in the PRC and Hong Kong, respectively.

12. INTANGIBLE ASSETS

The intangible assets are amortised over its estimate useful life of 10 years using the straight line method. Amortisation of HK\$217,000 (for six months ended 30 June 2014: HK\$281,000) had been made for the current period.

13. TRADE AND OTHER RECEIVABLES

The Group allows credit periods ranging from 30 days to 180 days, depending on the products sold, to its trade customers.

The following is an aged analysis of the Group's trade receivables presented based on the invoice date, which approximated the revenue recognition date, net of allowance for doubtful debts, at the end of the reporting period:

	30.6.2015	31.12.2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 – 30 days	84,731	87,499
31 – 60 days	50,938	51,371
61 – 90 days	37,629	35,552
91 – 180 days	39,215	54,374
Over 180 days	77,792	39,961
<hr/>		
Trade receivables, net of allowance of doubtful debts	290,305	268,757
Prepayments for raw materials, deposits and other receivables	30,925	21,736
Prepaid lease payments	2,495	2,493
Deposit and prepayments for a life insurance policy	1,481	1,472
<hr/>		
Total trade and other receivables	325,206	294,458

14. TRADE AND OTHER PAYABLES

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

	30.6.2015	31.12.2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 – 30 days	49,371	40,639
31 – 60 days	27,828	23,977
61 – 90 days	19,606	26,679
Over 90 days	36,960	53,628
Total trade payables	133,765	144,923
Other payables	84,658	67,935
Total trade and other payables	218,423	212,858

15. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of approximately HK\$142,685,000 (for six months ended 30 June 2014: HK\$87,620,000) and repaid bank loans of HK\$113,162,000 (for six months ended 30 June 2014: HK\$39,736,000). The proceeds were used to finance the general working capital of the Group. Certain bank borrowings were secured by pledged bank deposit and certain non-current assets amounting to approximately HK\$334,118,000 (for six months ended 30 June 2014: HK\$269,876,000).

16. SHARE CAPITAL

The movement of share capital of the Company are as follows:

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2014, 30 June 2014, 1 January 2015 and 30 June 2015	1,500,000,000	150,000
Issued and fully paid:		
At 1 January 2014, 30 June 2014 and 1 January 2015	676,417,401	67,642
Exercise of share options (<i>note</i>)	59,000,000	5,900
At 30 June 2015	735,417,401	73,542

Note: During the period ended 30 June 2015, 33,500,000 shares of HK\$0.1 each were issued at HK\$0.237 per share upon exercise of the share options granted on 24 October 2011 and 25,500,000 shares of HK\$0.1 each were issued 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 by share option holders and all these shares rank *pari passu* with other ordinary shares of the Company in all respect.

17. CAPITAL COMMITMENTS

	30.6.2015	31.12.2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– buildings	3,324	9,200
– plant and equipment	7,150	14,371
	10,474	23,571

18. RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel

	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	9,534	9,534
Retirement benefit scheme contributions	54	47
	9,588	9,581

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 period ended 30 June 2015, 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\$209,972,000 (31 December 2014: HK\$172,000,000). Approximately HK\$108,721,000 (31 December 2014: HK\$59,177,000) was utilised in respect of this banking facility as at 30 June 2015.

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

- (c) During the period ended 30 June 2015, the Group paid consultancy fee amounted to nil (for six months ended 30 June 2014: HK\$480,000) to Earth Tech Consultancy Company Limited.

Mr. Wong Woon Chung Jonathan, a non-executive director of the Company, is the director and controlling shareholder of Earth Tech Consultancy Company Limited.

- (d) During the period ended 30 June 2015, the Group paid interest expenses of HK\$492,000 (for six months ended 30 June 2014: nil) on the amount due to a director of the Company, Ms. Fung Mei Po.

19. OTHER MATTERS

On 14 February 2011, one of the subsidiaries of the Company, Welidy Limited ("Welidy"), has entered into a cooperative development framework agreement with an independent third party property developer in relation to the redevelopment of land which is owned by Welidy and the factory situated on the piece of land which is currently in use as one of the production plants by one of the subsidiaries of the Company, World Plastic Mat (Baoan) Company Limited ("World (Baoan)").

19. OTHER MATTERS *(Continued)*

On 11 August 2011, Welidy further entered into a provisional removal remedy agreement (“provisional removal remedy agreement”) with the same independent third party. Under the provisional removal remedy agreement, the Group will hand over the above mentioned piece of land to the independent third party for development in exchange of certain residential or commercial properties (the “compensated properties”) constructed after the redevelopment of land. However, the details of compensation have not been finalised between both parties and the official removal remedy agreement has not been entered into between Welidy, the property developer and the PRC government authorities by the end of the reporting period.

As at 30 June 2015, the carrying amounts of the related prepaid lease payments and the factory situated on the piece of land are HK\$7,229,000 (31 December 2014: HK\$7,364,000) and HK\$17,476,000 (31 December 2014: HK\$19,015,000), respectively. Deposit amounting to RMB30,000,000 (equivalent to approximately HK\$37,453,000 (31 December 2014: HK\$37,406,000)) was received by the Group during the year ended 31 December 2011. The deposits are refundable upon the receipt of all the compensated properties or acknowledgement from PRC government authorities on the termination of development project. During the year ended 31 December 2011, the Group also prepaid HK\$21,500,000 for legal consultancy services to be provided by a PRC lawyer in respect of this redevelopment project. The directors of the Company are of the opinion that the development project is still at preliminary stage and conditional upon the approval by the PRC government authorities for the change of usage of land use rights of the land with a plan to redevelop it from industrial properties into residential, communal facilities and other commercial properties. Taking into account the status of the project, both the prepayment and the deposit received were classified as non-current as at 30 June 2015 and 31 December 2014 as the directors of the Company believe that the redevelopment project will not be completed within one year from the end of the reporting period.

As at 30 June 2015, the directors are of the opinion that the financial impact of the redevelopment project cannot be estimated reliably.

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 21, which comprises the condensed consolidated statement of financial position as of 30 June 2015 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 Main Board Listing 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

20 August 2015

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 2015. This interim results announcement has been approved by the Board and the Audit Committee of the Company.

- The Group recorded a consolidated turnover of HK\$440,663,000 for the six months ended 30 June 2015, representing a decrease of 3.2% or HK\$14,689,000 as compared to HK\$455,352,000 of the same period last year.
- Gross profit of the Group was HK\$59,053,000, representing an increase of 29.5% or HK\$13,453,000 as compared to HK\$45,600,000 of the same period last year. The gross profit margin was 13.4%, representing an increase of 3.4% as compared to 10% of the same period last year.
- Loss attributable to the owners of the Company for the period was HK\$20,789,000, as compared to a loss of HK\$17,303,000 for the same period last year.
- Basic loss per share was HK3.05 cents, as compared to basic loss per share of HK2.56 cents for the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2015.

BUSINESS REVIEW

During the period under review, the Group's business still faced with difficulties and challenges.

For household products business, the world market is still very fragile. Though the Group had tried very hard to control the production cost, deficit was still recorded during the period.

For PVC pipes manufacturing business, though the competition was very keen, the Group had strived very hard to operate the business and profit was recorded.

For the feed production from food waste recycling business, the processing centre at Ecopark, Tuen Mun, New Territories, Hong Kong had commenced business during the period under review. The Group had followed the designated strategy and strived to increase the amount of food waste recycling. The qualities of the conversion of food waste to feed products are to be fine-tuned so as to reach the optimal standard. The Group would strive to enhance the quality of the products, so that the sale would reach the acceptable level. The business is progressing very well and will generate good profit for the Group.

During the period under review, the gain arising from changes in fair value of investment property was HK\$1,410,000.

PROSPECTS

For our Group's traditional business of household products and PVC pipe manufacturing, though the market environment is still fragile and the competition is very keen, given its goodwill, and steady customers, the Group will continue to strengthen the cost management and to explore more marketing channels so as to positively maintain the steady development of these businesses.

Our Group understands that there is huge room for the development of environment business. Following the recognition of the importance of environmental knowledge of the Hong Kong SAR Government, environmental groups, industrial and business organizations and the general public, it is believed that our Group's food waste recycling to feed business will be expanding quickly. Other than the recent food waste recycling business, the Group will consider to develop other related environmental resources business in appropriate time so as to develop a bright future and to generate good profit.

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 2015, the Group had bank balances and cash and pledged bank deposits of approximately HK\$82,669,000 (31.12.2014: HK\$57,145,000) and had interest-bearing bank borrowings of approximately HK\$362,715,000 (31.12.2014: HK\$322,186,000). 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 2015 amounted to HK\$719,276,000; of which HK\$362,715,000 of the banking facilities was utilised (utilisation rate was at 50.4%).

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 2015, the Group had current assets of approximately HK\$609,966,000 (31.12.2014: HK\$568,530,000). The Group's current ratio was approximately 0.98 as at 30 June 2015 as compared with approximately 0.98 as at 31 December 2014. Total shareholders' funds of the Group as at 30 June 2015 decreased by 0.4% to HK\$883,074,000 (31.12.2014: HK\$886,717,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2015 was 0.75 (31.12.2014: 0.70).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments and bank deposits with an aggregate net book value of HK\$334,118,000 (31.12.2014: HK\$309,735,000) were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2015, the Group employed a total workforce of about 1,872 (30.6.2014: 2,045) including 1,818 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$63,330,000 (30.6.2014: HK\$60,617,000). 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 programs were also provided to staff in our PRC factories.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 30 June 2015, 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	51,621,087 ^(a)	28,712,551 ^(c)	280,895,630 ^(d)	375,485,340	51.06%	
Fung Mei Po	51,621,087	42,968,623 ^(b)	-	280,895,630 ^(d)	375,485,340	51.06%	
Lee Chun Sing	21,815,830	3,190,000 ^(e)	-	280,895,630 ^(d)	305,901,460	41.60%	
Lee Kwok Sing Stanley	1,521,280	-	-	280,895,630 ^(d)	282,416,910	38.40%	
Lee Pak Tung	3,766,448	-	-	-	3,766,448	0.51%	
Hui Chi Kuen Thomas	100,000	-	-	-	100,000	0.01%	
Chan Lai Kuen Anita	2,002,623	-	-	-	2,002,623	0.27%	

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.
- (d) The shares are held by Goldhill Profits Limited which is wholly owned by a discretionary trust of which Mr. Lee Tat Hing, Mr. Lee Chun Sing, Madam Fung Mei Po and Mr. Lee Kwok Sing Stanley are discretionary objects.
- (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 2015, the following directors had personal interests in the deferred non-voting shares of certain subsidiaries of the Company:

Name of directors	Name of subsidiaries	Number of deferred non-voting shares held
Fung Mei Po	World Home Linen Manufacturing Company Limited	100
Lee Pak Tung	Hong Kong PVC Placemat Manufacturing Company Limited	25,000

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

The deferred shares do not carry any rights to vote at general meetings of these subsidiaries or to participate in any distributions of profits until the profits of these subsidiaries 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 these subsidiaries.

At 30 June 2015, 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 2015, 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 2015.

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 2015, 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:

	Date of grant	Exercise price HK\$ (Note 1)	Exercisable period	Outstanding as at 31.12.2014	Exercised during the period	Outstanding as at 30.6.2015
Category 1: Directors						
Lee Tat Hing	24.10.2011	0.237	24.10.2011 to 23.10.2021	6,000,000	(6,000,000)	-
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000	(6,500,000)	-
Fung Mei Po	24.10.2011	0.237	24.10.2011 to 23.10.2021	6,000,000	(6,000,000)	-
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000	(6,500,000)	-
Lee Chun Sing	24.10.2011	0.237	24.10.2011 to 23.10.2021	6,000,000	-	6,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000	-	6,500,000
Lee Kwok Sing Stanley	24.10.2011	0.237	24.10.2011 to 23.10.2021	5,000,000	(3,000,000)	2,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000	-	6,500,000
Lee Pak Tung	24.10.2011	0.237	24.10.2011 to 23.10.2021	2,000,000	(2,000,000)	-
	12.11.2012	0.309	12.11.2012 to 11.11.2022	3,000,000	-	3,000,000
Chan Lai Kuen Anita	24.10.2011	0.237	24.10.2011 to 23.10.2021	2,000,000	(2,000,000)	-
	12.11.2012	0.309	12.11.2012 to 11.11.2022	3,000,000	(1,000,000)	2,000,000
Cheung Tze Man Edward	24.10.2011	0.237	24.10.2011 to 23.10.2021	1,000,000	-	1,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	1,000,000	-	1,000,000
Tsui Chi Him Steve	24.10.2011	0.237	24.10.2011 to 23.10.2021	600,000	-	600,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	600,000	-	600,000
Hui Chi Kuen Thomas	24.10.2011	0.237	24.10.2011 to 23.10.2021	600,000	-	600,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	600,000	-	600,000
Ho Tak Kay	24.10.2011	0.237	24.10.2011 to 23.10.2021	600,000	-	600,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	600,000	-	600,000
Category 2: Employees						
	24.10.2011	0.237	24.10.2011 to 23.10.2021	16,500,000	(14,500,000)	2,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	20,500,000	(11,500,000)	9,000,000
				101,600,000	(59,000,000)	42,600,000

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 2015, 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 2015.

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 2015. 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 2015.

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, except for one director forgot to first notify in writing the chairman or director designated by the board and receive a dated written acknowledgement before the dealings of shares of the Company during the six months ended 30 June 2015, that was not complied with Rule B.8 of the Model Code. The director had been reminded that all the directors shall comply to the best of their ability with the Listing rules from time to time in force and must understand the obligation and be familiar with the Listing Rule requirements.

By Order of the Board

Lee Tat Hing

Chairman

Hong Kong, 20 August 2015