World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 713

Interim Report 2019

Contents

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
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
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

AUDITORS

Deloitte Touche Tohmatsu

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 2019 together with the comparative figures for the corresponding period in 2018:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	**1.1.2019 to 30.6.2019 HK$'000 (Unaudited)**	1.1.2018 to 30.6.2018 HK$'000 (Unaudited)
Turnover	*3*	**402,293**	424,108
Cost of sales		**(315,305)**	(364,047)
Gross profit		**86,988**	60,061
Other income		**8,940**	4,677
Other gains and losses	*4*	**27,681**	19,890
Selling and distribution costs		**(39,881)**	(24,821)
Administrative expenses		**(63,995)**	(54,645)
Impairment loss recognised on trade receivables		**(4,744)**	(17,375)
Impairment loss recognised on property, plant and equipment		**–**	(25,619)
Finance costs	*5*	**(10,241)**	(6,430)
Profit (loss) before taxation		**4,748**	(44,262)
Taxation	*6*	**(3,438)**	(2,671)
Profit (loss) for the period	*7*	**1,310**	(46,933)
Other comprehensive expense:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,509)**	(12,587)
Total comprehensive expense for the period		**(199)**	(59,520)
Earnings (loss) per share	*9*		
Basic (HK cents per share)		**0.17**	(6.15)
Diluted (HK cents per share)		**0.17**	(6.15)

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	30.6.2019 HK$'000 (Unaudited)	31.12.2018 HK$'000 (Audited)
Non-current assets			
Investment properties	10	37,750	36,390
Property, plant and equipment	11	404,389	408,897
Right-of-use assets		69,078	–
Prepaid lease payments		–	58,320
Deposits paid for acquisition of property, plant and equipment		21,404	21,197
Deposit and prepayments for a life insurance policy		49,150	49,380
Long-term prepayment		10,750	10,750
Long-term other assets	12	1,586,314	1,570,459
		2,178,835	2,155,393
Current assets			
Inventories		181,844	172,119
Trade and other receivables	13	342,617	380,975
Contract assets		11,338	9,023
Taxation recoverable		1,332	1,332
Pledged bank deposits		6,151	7,558
Bank balances and cash		19,612	37,014
		562,894	608,021
Current liabilities			
Trade and other payables	14	191,197	220,391
Contract liabilities		27,556	19,438
Amounts due to directors		68,210	64,830
Taxation payable		2,659	5,471
Obligations under finance leases – due within one year		–	2,196
Lease liabilities		3,166	–
Secured bank borrowings	15	222,952	235,301
		515,740	547,627
Net current assets		47,154	60,394
Total assets less current liabilities		2,225,989	2,215,787

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2019

	Note	30.6.2019 HK$'000 (Unaudited)	31.12.2018 HK$'000 (Audited)
Non-current liabilities			
Obligations under finance leases			
– due after one year		**–**	1,272
Lease liabilities		**6,729**	–
Amount due to a director		**70,252**	70,252
Deposits received	*12*	**108,251**	106,858
Deferred taxation		**237,653**	234,102
		422,885	412,484
Net assets		**1,803,104**	1,803,303
Capital and reserves			
Share capital	*16*	**76,432**	76,432
Reserves		**1,726,672**	1,726,871
Total equity		**1,803,104**	1,803,303

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	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)*	Retained profits (accumulated losses) HK$'000	Total HK$'000
At 1 January 2019 (audited)	76,432	343,659	251,393	9,957	216,580	39,993	865,289	1,803,303
Profit for the period	–	–	–	–	–	–	1,310	1,310
Other comprehensive expense for the period	–	–	–	–	(1,509)	–	–	(1,509)
Total comprehensive (expense) income for the period	–	–	–	–	(1,509)	–	1,310	(199)
At 30 June 2019 (unaudited)	76,432	343,659	251,393	9,957	215,071	39,993	866,599	1,803,104
At 1 January 2018 (audited)	76,332	343,301	251,393	10,598	281,636	36,440	(298,527)	701,173
Loss for the period	–	–	–	–	–	–	(46,933)	(46,933)
Other comprehensive expense for the period	–	–	–	–	(12,587)	–	–	(12,587)
Total comprehensive expense for the period	–	–	–	–	(12,587)	–	(46,933)	(59,520)
Exercise of share options	100	358	–	(149)	–	–	–	309
At 30 June 2018 (unaudited)	76,432	343,659	251,393	10,449	269,049	36,440	(345,460)	641,962

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 2019

	1.1.2019 to 30.6.2019 HK$'000 (unaudited)	1.1.2018 to 30.6.2018 HK$'000 (unaudited)
Net cash from (used in) operating activities	**2,874**	(1,445)
Net cash used in investing activities		
Compensation received from redevelopment project	**13,018**	–
Withdrawal of pledged bank deposits	**1,384**	6,790
Proceeds from disposal of property, plant and equipment	**723**	2,506
Other investing cash flows	**75**	133
Purchase of property, plant and equipment	**(16,512)**	(26,630)
Deposits paid for acquisition of property, plant and equipment	**(304)**	(2,530)
	(1,616)	(19,731)
Net cash used in financing activities		
Bank loans raised	**123,320**	74,073
Advance from directors	**3,580**	100
Repayment of bank loans	**(135,475)**	(70,684)
Other financing cash flows	**(6,729)**	(6,877)
Repayment of lease liabilities/obligations under finance leases	**(2,619)**	(1,939)
Repayment to directors	**(200)**	(100)
Exercise of share options	**–**	309
	(18,123)	(5,118)
Net decrease in cash and cash equivalents	**(16,865)**	(26,294)
Cash and cash equivalents at 1 January	**37,014**	57,365
Effect of foreign currency rate changes	**(537)**	782
Cash and cash equivalents at 30 June, represented by bank balances and cash	**19,612**	31,853

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and 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 2019 are the same as those followed in the preparation of the annual financial statements of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings that has a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets *(Continued)*

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities *(Continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2. **PRINCIPAL ACCOUNTING POLICIES** ***(Continued)***

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" ***(Continued)***

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

The Group recognised lease liabilities of HK$12,567,000 and right-of-use assets of HK$71,619,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.10%.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	Note	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018		34,498
Less: Termination option reasonably certain to be exercised		(24,535)
Recognition exemption – short-term leases		(150)
		9,813
Lease liabilities discounted at relevant incremental borrowing rates		(714)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		9,099
Add: Obligations under finance leases recognised at 31 December 2018	*(b)*	3,468
Lease liabilities as at 1 January 2019		12,567
Analysed as		
Current		4,333
Non-current		8,234
		12,567

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	**Right-of-use assets** HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		9,099
Reclassified from prepaid lease payments	*(a)*	60,341
Amounts included in property, plant and equipment under HKAS 17		
– Assets previously under finance leases	*(b)*	2,179
		71,619
By class:		
Leasehold lands		60,341
Leasehold land and buildings		9,099
Motor vehicles		2,179
		71,619

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

(a) Upfront payments for leasehold lands in Hong Kong Special Administrative Region ("Hong Kong") and PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$2,021,000 and HK$58,320,000 respectively were reclassified to right-of-use assets.

(b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to HK$2,179,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK$2,196,000 and HK$1,272,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 January 2019**
	HK$'000	HK$'000	HK$'000
Non-current Assets			
Property, plant and equipment	408,897	(2,179)	406,718
Prepaid lease payments *(Note)*	58,320	(58,320)	–
Right-of-use assets	–	71,619	71,619
Current Assets			
Prepaid lease payments	2,021	(2,021)	–
Lease liabilities	–	(4,333)	(4,333)
Obligations under finance leases	(2,196)	2,196	–
Non-current liabilities			
Lease liabilities	–	(8,234)	(8,234)
Obligations under finance leases	(1,272)	1,272	–

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

As a lessor

The directors of the Company consider that the application of HKFRS 16 have no material impact on the condensed consolidated financial statements in the current period.

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
Food waste recycling	–	food waste recycling business
Property investments	–	investment in properties (renamed in 2018)

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 2019 (unaudited)

	Household products HK$'000	PVC pipes and fittings HK$'000	Food waste recycling HK$'000	Property investments HK$'000	Consolidated HK$'000
Turnover					
Sales of goods recognised at a point in time					
External sales	86,029	311,000	–	–	397,029
Service income recognised over time	–	–	2,964	–	2,964
Rental income	–	–	–	2,300	2,300
Total segment revenue	86,029	311,000	2,964	2,300	402,293
Segment profit (loss)	6,706	2,174	(761)	20,147	28,266
Bank interest income					75
Interest income from deposit placed for a life insurance policy					581
Finance costs					(10,241)
Premium charges on a life insurance policy					(788)
Unallocated corporate expenses					(13,145)
Profit before taxation					4,748

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2018 (unaudited)

	Household products HK$'000	PVC pipes and fittings HK$'000	Food waste recycling HK$'000	Properties investments HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover						
Sales of goods recognised at a point in time						
External sales	103,489	315,189	–	–	–	418,678
Inter-segment sales	47	108	–	–	(155)	–
Service income recognised over time	–	–	3,289	–	–	3,289
Rental income	–	–	–	2,141	–	2,141
Total segment revenue	103,536	315,297	3,289	2,141	(155)	424,108
Segment profit (loss)	8,241	1,976	(38,802)	4,471	–	(24,114)
Bank interest income						133
Interest income from deposit placed for a life insurance policy						563
Finance costs						(6,430)
Premium charges on a life insurance policy						(764)
Unallocated corporate expenses						(13,650)
Loss before taxation						(44,262)

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

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

4. OTHER GAINS AND LOSSES

	1.1.2019 to 30.6.2019 HK$'000 (Unaudited)	1.1.2018 to 30.6.2018 HK$'000 (Unaudited)
Gain arising from changes in fair value of long-term other assets	26,683	–
Gain arising from changes in fair value of investment properties	1,360	2,510
Net foreign exchange (loss) gain	(199)	4,243
(Loss) gain on disposal of property, plant and equipment	(163)	44
Compensation income from redevelopment project	–	13,861
Loss arising from change in fair value of foreign currency forward contracts	–	(768)
	27,681	19,890

5. FINANCE COSTS

	1.1.2019 to 30.6.2019 HK$'000 (Unaudited)	1.1.2018 to 30.6.2018 HK$'000 (Unaudited)
Interest on:		
– secured bank borrowings	**5,842**	5,899
– finance leases	**–**	160
– lease liabilities	**226**	–
– amounts due to a director	**665**	656
Interest/imputed interest on deposit received from redevelopment project	**3,620**	–
	10,353	6,715
Less: amount capitalised in the cost of qualifying assets	**(112)**	(285)
	10,241	6,430

6. TAXATION

	1.1.2019 to 30.6.2019 HK$'000 (Unaudited)	1.1.2018 to 30.6.2018 HK$'000 (Unaudited)
PRC Enterprise Income Tax ("EIT")		
– charge for the period	**2,077**	2,789
– overprovision in prior years	**(2,390)**	–
	(313)	2,789
Deferred taxation charge (credit)		
– charge (credit) for the period	**1,059**	(118)
– withholding tax on profit of non-resident in the PRC	**2,692**	–
	3,751	(118)
Taxation for the period	**3,438**	2,671

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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

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

7. PROFIT (LOSS) FOR THE PERIOD

	1.1.2019 to 30.6.2019 HK$'000 (Unaudited)	1.1.2018 to 30.6.2018 HK$'000 (Unaudited)
Profit (loss) for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	**–**	1,241
Depreciation of property, plant and equipment	**19,610**	27,948
Depreciation of right-of-use assets	**2,458**	–
and after crediting:		
Gross rental income from investment properties	**2,300**	2,141
Less: Direct operating expenses that generated rental income	**(285)**	(200)
	2,015	1,941
Bank interest income	**75**	133
Imputed interest income from a deposit placed for a life insurance policy	**581**	563

8. DIVIDENDS

No final dividends in respect of the years ended 31 December 2018 and 31 December 2017 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 2018: nil).

9. EARNINGS (LOSS) PER SHARE

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

	1.1.2019 to 30.6.2019 HK$'000 (unaudited)	1.1.2018 to 30.6.2018 HK$'000 (unaudited)
Profit (loss) for the purposes of calculating basic and diluted earnings (loss) per share	**1,310**	(46,933)

	Number of shares	
	30.6.2019	30.6.2018
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**764,317,421**	763,498,740
Effect of dilutive potential ordinary shares on share options	**7,619,849**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**771,937,270**	763,498,740

The diluted loss per share for the period ended 30 June 2018 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 fair valued by an independent professional valuer at 30 June 2019 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$1,360,000 (increase in fair value for six months ended 30 June 2018: HK$2,510,000), 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 2019, the Group incurred HK$16,512,000 (for six months ended 30 June 2018: HK$26,561,000) on acquisition of property, plant and equipment, HK$1,040,000 (for six months ended 30 June 2018: HK$5,545,000) on construction costs of new manufacturing plants in the PRC.

During the current interim period, the Group disposed of certain plant and equipment with an aggregate carrying amount of HK$860,000 (for six months ended 30 June 2018: HK$2,462,000) for cash proceeds of HK$723,000 (for six months ended 30 June 2018: HK$2,506,000), resulting in a loss on disposal of HK$163,000 (for six months ended 30 June 2018: loss on disposal of HK$44,000).

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 consideration for the transaction includes 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 part of the consideration includes the Group's right to obtain Compensated Properties in future while fair value changes from time to time. The carrying amount recognised by the Group is subject to remeasurement at fair value at each subsequent reporting date prior to obtaining control of the Compensated Properties.

As at 30 June 2019, the principal amount of the deposits received from the property developer amounting to RMB110,000,000 (31 December 2018: RMB110,000,000) (equivalent to approximately HK$125,142,000 (31 December 2018: HK$125,285,000)). The deposits received is measured at amortised cost using the effective interest rate at 6.00% per annum.

As at 30 June 2019, the long-term other assets of RMB1,394,370,000 (31 December 2018: RMB1,378,863,000) (equivalent to approximately HK$1,586,314,000 (31 December 2018: HK$1,570,459,000)) consists of the present value of the future monthly compensation income receivable of RMB78,784,000 (31 December 2018: RMB87,706,000) (equivalent to approximately HK$89,629,000 (31 December 2018: HK$99,893,000)) and the fair value of the Compensated Properties of RMB1,315,586,000 (31 December 2018: RMB1,291,157,000) (equivalent to approximately HK$1,496,685,000 (31 December 2018: HK$1,470,566,000)).

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 revenue recognition date, net of allowance for credit losses, and breakdown of other receivables and prepayment at the end of the reporting period:

	30.6.2019	31.12.2018
	HK$'000	HK$'000
	(unaudited)	(audited)
0 – 30 days	**77,456**	107,140
31 – 60 days	**71,835**	83,271
61 – 90 days	**48,528**	47,070
91 – 180 days	**50,289**	49,952
Over 180 days	**70,422**	63,498
Trade receivables, net of allowance for credit losses	**318,530**	350,931
Prepayments for raw materials, deposits and other receivables	**22,493**	26,450
Prepaid lease payments	**–**	2,021
Deposit and prepayments for a life insurance policy	**1,594**	1,573
Total trade and other receivables	**342,617**	380,975

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 payables presented based on the invoice date and other payables at the end of the reporting period:

	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)
0 – 30 days	55,588	91,053
31 – 60 days	27,283	25,978
61 – 90 days	15,838	17,497
Over 90 days	37,599	35,652
Total trade and bills payables	136,308	170,180
Other payables	54,889	50,211
Total trade and other payables	191,197	220,391

15. SECURED BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of approximately HK$123,320,000 (for six months ended 30 June 2018: HK$74,073,000) and repaid bank loans of HK$135,475,000 (for six months ended 30 June 2018: HK$70,684,000). 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$213,420,000 (for six months ended 30 June 2018: HK$254,143,000).

16. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	1,500,000,000	150,000
Issued and fully paid:		
At 1 January 2018	763,317,421	76,332
Exercise of share options *(Note)*	1,000,000	100
At 30 June 2018, 31 December 2018 and 30 June 2019	764,317,421	76,432

Note: During the six months ended 30 June 2018, 1,000,000 shares of HK$0.1 each were issued to the share option holders at HK$0.309 per share upon exercise of the share options granted on 12 November 2012 under the share option scheme of the Company adopted on 10 June 2011 and all these shares rank pari passu with other ordinary shares of the Company in all respects.

17. CAPITAL COMMITMENTS

	30.6.2019 HK$'000 (unaudited)	31.12.2018 HK$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– plant and equipment	9,456	4,491
– buildings	4,170	6,341
	13,626	10,832

18. RELATED PARTIES TRANSACTIONS

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

(a) Compensation of key management personnel

	1.1.2019 to 30.6.2019 HK$'000 (unaudited)	1.1.2018 to 30.6.2018 HK$'000 (unaudited)
Short-term benefits	10,618	11,690
Retirement benefit scheme contributions	45	54
	10,663	11,744

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 PARTIES TRANSACTIONS *(Continued)*

(b) During the six months ended 30 June 2019, 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$81,315,000 (31 December 2018: HK$81,315,000). Approximately HK$51,096,000 (31 December 2018: HK$65,826,000) was utilised in respect of this banking facility as at 30 June 2019.

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 six months ended 30 June 2019, the Group paid interest expenses of HK$665,000 (for six months ended 30 June 2018: HK$656,000) on the amount due to a director of the Company, Ms. Fung Mei Po.

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 34, which comprises the condensed consolidated statement of financial position as of 30 June 2019 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
23 August 2019

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 2019. This interim report has been approved by the Board and the Audit Committee of the Company.

- The Group recorded a consolidated turnover of HK$402,293,000 for the six months ended 30 June 2019, representing a decrease of 5.1% or HK21,815,000 as compared to HK$424,108,000 of the same period last year.

- Gross profit of the Group was HK$86,988,000, representing an increase of 44.8% or HK$26,927,000 as compared to HK$60,061,000 of the same period last year. The gross profit margin was 21.6%, representing an increase of 7.4% as compared to 14.2% of the same period last year.

- Profit for the period was HK$1,310,000, as compared to a loss of HK$46,933,000 for the same period last year.

- Basic earnings per share was HK0.17 cents, as compared to basic loss per share of HK6.15 cents for the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2019.

BUSINESS REVIEW

During the period under review, the Group continued its business of household products, PVC pipes and fittings manufacturing, feed production from food waste recycling business and properties investment.

For the household products business, it was adversely affected by Sino – US trade war. The turnover had dropped by 16.9%. The Group had tried its best to control production and management cost, and subsequently the business had recorded a profit.

For the PVC pipe and fittings manufacturing business, the turnover has dropped by 1.3% comparing to the same period last year. The business is still steady and has made profit contribution to the Group.

For the feed production from food waste recycling business, it still could not reach the target and recorded losses.

For the property investment during the period under review, the gain arising from changes in fair value of investment properties was HK$1,360,000.

PROSPECTS

Looking to the future, for the household products business, while facing the Sino – US trade war, the Group will continue to control production costs and attempt to explore new markets other than the US so as to increase efficiency and profitability.

For PVC pipe and fittings manufacturing business, the Group will continue to enhance production strategy so as to increase return.

For the feed production from food waste recycling business, the Group will try to improve the business strategy so as to enhance production and product varieties.

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 2019, the Group had bank balances and cash and pledged bank deposits of approximately HK$25,763,000 (31.12.2018: HK$44,572,000) and had interest-bearing bank borrowings of approximately HK$222,952,000 (31.12.2018: HK235,301,000). 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 2019 amounted to HK$572,700,000; of which HK$222,952,000 of the banking facilities was utilised (utilisation rate was at 38.9%).

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 2019, the Group had current assets of approximately HK$562,894,000 (31.12.2018: HK$608,021,000). The Group's current ratio was approximately 1.09 as at 30 June 2019 as compared with approximately 1.11 as at 31 December 2018. Total shareholders' funds of the Group as at 30 June 2019 decreased by 0.01% to HK$1,803,104,000 (31.12.2018: HK$1,803,303,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2019 was 0.52 (31.12.2018: 0.53).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, right-of-use assets (31.12.2018: prepaid lease payments), deposit and prepayments for a life insurance policy and bank deposits with an aggregate net book value of HK$213,420,000 (31.12.2018: HK$225,913,000) were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2019, the Group employed a total workforce of about 923 (30.6.2018: 1,045) including 873 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$40,184,000 (30.6.2018: HK$41,210,000). 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 2019 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:

	Number of issued ordinary shares held					
Name of directors	Personal interests	Family interests	Corporate interests	Other interests	Total	Percentage of the issue share capital of the Company
Lee Tat Hing	14,256,072	58,121,087 [(a)]	28,712,551 [(c)]	280,895,630 [(d)]	381,985,340	49.98%
Fung Mei Po	58,121,087	42,968,623 [(b)]	–	280,895,630 [(d)]	381,985,340	49.98%
Lee Chun Sing	27,815,830	2,526,000 [(e)]	–	280,895,630 [(d)]	311,237,460	40.72%
Lee Kwok Sing Stanley	2,481,280	–	–	280,895,630 [(d)]	283,376,910	37.08%
Lee Pak Tung	3,666,448	–	–	–	3,666,448	0.48%
Hui Chi Kuen Thomas	1,300,000	–	–	–	1,300,000	0.17%
Tsui Chi Him Steve	1,200,000	–	–	–	1,200,000	0.16%
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.

(d) The shares are held by Goldhill Profits Limited which is wholly owned by a discretionary trust of which Mr. Lee Tat Hing, 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 2019 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 2019 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 2019 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 2019.

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 2019 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 2019:

	Date of grant	Exercise price HK$ *(Note 1)*	Exercisable period	Outstanding as at 31.12.2018 and 30.06.2019
Category 1: Directors				
Lee Tat Hing	01.09.2015	0.580	01.09.2015 to 31.08.2025	6,500,000
Lee Chun Sing	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	3,000,000
Lee Kwok Sing Stanley	12.11.2012	0.309	12.11.2012 to 11.11.2022	4,500,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	3,000,000
Lee Pak Tung	12.11.2012	0.309	12.11.2012 to 11.11.2022	2,000,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	500,000
Cheung Tze Man Edward	01.09.2015	0.580	01.09.2015 to 31.08.2025	500,000
Tsui Chi Him Steve	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
Hui Chi Kuen Thomas	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
Ho Tak Kay	24.10.2011	0.237	24.10.2011 to 23.10.2021	600,000
	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
Shang Sze Ming	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
Category 2: Employees	24.10.2011	0.237	24.10.2011 to 23.10.2021	2,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,000,000
	01.09.2015	0.580	01.09.2015 to 31.08.2025	9,100,000
				46,000,000

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 2019, 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 2019.

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 2019. 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 2019.

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 2019, that was not complied with Rule A.1 and 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, 23 August 2019