



World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 713

Interim Report
—2021—

Contents

Corporate Information	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Report on Review of Condensed Consolidated Financial Statements	22
Management Discussion and Analysis	24
Other Information	28

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Tat Hing (*Chairman*)

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

Mr. Lee Chun Sing (*Vice Chairman*)

Mr. Lee Kwok Sing Stanley

Non-Executive Director

Mr. Cheung Tze Man Edward

Independent Non-Executive Directors

Mr. Tsui Chi Him Steve

Mr. Ho Tak Kay

Mr. Hui Chi Kuen Thomas

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

Registered Public Interest Entity Auditors

SHARE REGISTRARS AND TRANSFER OFFICES

In Hong Kong

Tricor Secretaries Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

In the Cayman Islands

The R&H Trust Co. Ltd.

P.O. Box 897

Windward 1

Regatta Office Park

Grand Cayman KY1-1103

Cayman Islands

STOCK CODE

713

COMPANY'S WEBSITE

<http://www.worldhse.com>

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	NOTES	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
Turnover	3	410,856	314,096
Cost of sales		(321,540)	(251,111)
Gross profit		89,316	62,985
Other income		6,124	7,353
Other gains and losses	4	(2,610)	(2,029)
Gain (loss) arising from change in fair value of long-term other assets		40,814	(7,614)
Selling and distribution costs		(37,810)	(35,026)
Administrative expenses		(65,268)	(49,245)
Impairment loss under expected credit loss model, net of reversal		6,317	(23,819)
Impairment loss recognised on property, plant and equipment		–	(34,634)
Finance costs	5	(9,273)	(10,108)
Profit (loss) before taxation	6	27,610	(92,137)
Taxation (charge) credit	7	(1,903)	2,770
Profit (loss) for the period		25,707	(89,367)
Other comprehensive income (expense): <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences arising on translation of foreign operations		10,343	(14,482)
Total comprehensive income (expense) for the period		36,050	(103,849)
Earnings (loss) per share Basic (HK cents per share)	9	3.35	(11.69)
Diluted (HK cents per share)		3.20	(11.69)

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	NOTES	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Non-current assets			
Investment properties	10	36,474	35,735
Property, plant and equipment	11	367,507	372,656
Right-of-use assets		58,276	59,243
Deposits paid for acquisition of property, plant and equipment		15,491	16,849
Deposit and prepayments for a life insurance policy		48,246	48,490
Long-term prepayment		10,750	10,750
Long-term other assets	12	1,776,550	1,741,890
		2,313,294	2,285,613
Current assets			
Inventories		203,373	157,274
Trade and other receivables	13	355,955	331,550
Contract assets		10,350	9,507
Taxation recoverable		541	541
Pledged bank deposits		6,162	6,162
Bank balances and cash		46,327	119,949
		622,708	624,983
Current liabilities			
Trade and other payables	14	292,647	303,510
Contract liabilities		6,836	9,940
Amounts due to directors		43,478	30,492
Taxation payable		2,566	6,312
Lease liabilities		–	613
Secured bank borrowings	15	197,309	197,110
		542,836	547,977
Net current assets		79,872	77,006
Total assets less current liabilities		2,393,166	2,362,619

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2021

	NOTES	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Non-current liabilities			
Amounts due to directors		126,223	137,578
Deposits received	12	121,122	118,186
Deferred taxation		254,585	252,658
		501,930	508,422
Net assets		1,891,236	1,854,197
Capital and reserves			
Share capital	16	76,752	76,432
Reserves		1,814,484	1,777,765
Total equity		1,891,236	1,854,197

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Non-distributable reserve HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Share option reserve HK\$'000	Translation reserve HK\$'000	PRC statutory surplus reserve HK\$'000 (Note c)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	76,432	343,659	251,393	9,910	15,109	279,258	46,899	831,537	1,854,197
Profit for the period	-	-	-	-	-	-	-	25,707	25,707
Other comprehensive income for the period	-	-	-	-	-	10,343	-	-	10,343
Total comprehensive income for the period	-	-	-	-	-	10,343	-	25,707	36,050
Exercise of share options	320	1,144	-	-	(475)	-	-	-	989
At 30 June 2021 (unaudited)	76,752	344,803	251,393	9,910	14,634	289,601	46,899	857,244	1,891,236
At 1 January 2020 (audited)	76,432	343,659	251,393	9,910	9,505	188,677	43,064	766,388	1,689,028
Loss for the period	-	-	-	-	-	-	-	(89,367)	(89,367)
Other comprehensive expense for the period	-	-	-	-	-	(14,482)	-	-	(14,482)
Total comprehensive expense for the period	-	-	-	-	-	(14,482)	-	(89,367)	(103,849)
At 30 June 2020 (unaudited)	76,432	343,659	251,393	9,910	9,505	174,195	43,064	677,021	1,585,179

Notes:

- (a) The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries.
- (b) The capital reserve of the Group arose from deemed contribution from the owners of the Company.
- (c) 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 2021

	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
Net cash (used in) from operating activities	(73,718)	23,382
Cash flows from investing activities		
Compensation received from redevelopment project	13,720	12,616
Interest received	620	40
Proceeds from disposal of property, plant and equipment	5	436
Purchase of property, plant and equipment	(11,843)	(17,555)
Proceeds from disposal of right-of-use assets	–	750
Deposits paid for acquisition of property, plant and equipment	–	(881)
Net cash from (used in) investing activities	2,502	(4,594)
Cash flows from financing activities		
Bank loans raised	142,133	150,653
Exercise of share options	989	–
Advances from directors	–	6,161
Repayments of bank loans	(142,942)	(155,491)
Other financing cash flows	(3,434)	(4,880)
Repayments of lease liabilities	(613)	(2,096)
Net cash used in financing activities	(3,867)	(5,653)
Net (decrease) increase in cash and cash equivalents	(75,083)	13,135
Cash and cash equivalents at 1 January	119,949	40,769
Effect of foreign currency rate changes	1,461	(741)
Cash and cash equivalents at 30 June, represented by bank balances and cash	46,327	53,163

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to HKFRSs

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
--	--

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

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

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

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

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

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

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

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

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

3. TURNOVER AND SEGMENT INFORMATION

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

Household products	–	manufacture and distribution of household products
PVC pipes and fittings	–	manufacture and distribution of PVC pipes and fittings
Property investments	–	investment in properties
Food waste recycling	–	food waste recycling business (discontinued in 2020)

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

Six months ended 30 June 2021 (unaudited)

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

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Six months ended 30 June 2020 (unaudited)

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

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

4. OTHER GAINS AND LOSSES

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

5. FINANCE COSTS

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

6. PROFIT (LOSS) BEFORE TAXATION

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

7. TAXATION CHARGE (CREDIT)

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

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

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

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

8. DIVIDENDS

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

9. EARNINGS (LOSS) PER SHARE

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

	1.1.2021 to 30.6.2021 HK\$'000 (unaudited)	1.1.2020 to 30.6.2020 HK\$'000 (unaudited)
Profit (loss) for the purposes of calculating basic and diluted earnings (loss) per share	25,707	(89,367)

	Number of shares	
	30.6.2021	30.6.2020
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	767,517,421	764,317,421
Effect of dilutive potential ordinary shares on share options	35,165,304	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	802,682,725	764,317,421

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

10. INVESTMENT PROPERTIES

The Group's investment properties were measured in fair value by an independent professional valuer at 30 June 2021 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\$739,000 (decrease in fair value for six months ended 30 June 2020: HK\$1,560,000), 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 2021, the Group incurred HK\$11,843,000 (for six months ended 30 June 2020: HK\$17,555,000) on acquisition of property, plant and equipment, HK\$110,000 (for six months ended 30 June 2020: HK\$370,000) on construction costs of new manufacturing plants in the PRC.

During the six months ended 30 June 2021, there was no indication for impairment on property, plant and equipment and right-of-use assets relating to the PVC pipes and fitting segment.

During the six months ended 30 June 2020, the management performed an impairment assessment on certain property, plant and equipment and right-of-use assets relating to the PVC pipes and fitting segment (the "CGU") with aggregate carrying amount of HK\$215,810,000 as the management concluded there was indication for impairment due to the outbreak of COVID-19 during that period.

The recoverable amount of CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate of 16% as at 30 June 2020. The annual growth rate used is 2.5% to 3.5%, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. The cash flows beyond the five-year period are extrapolated using 2.5% growth rate which do not exceed the average growth rate for the relevant markets. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include expected changes in selling prices and direct costs, such estimation is based on the unit's past performance and management's expectations for the market development.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, an impairment of HK\$34,634,000 has been recognised against the carrying amount of plant and machinery in property, plant and equipment for the six months ended 30 June 2020 as the fair value less cost of disposal of other categories of property, plant and equipment and right-of-use assets are above their carrying amounts.

12. REDEVELOPMENT PROJECT

On 8 August 2018, the transaction in which the Group agreed to surrender a piece of land to a property developer for certain residential or commercial properties (the “Compensated Properties”) to be built under a redevelopment project was completed (the “Transaction”). The consideration for the Transaction has been finalised which includes the details of the Compensated Properties to be received upon completion of redevelopment project and unconditional and non-refundable monthly compensation income to be received by the Group from the property developer up to the date of receipt of all the Compensated Properties. In addition, certain deposits were received from the property developer.

As at 30 June 2021, the principal amount of the deposits received from the property developer amounting to RMB110,000,000 (equivalent to approximately HK\$132,053,000) (31 December 2020: RMB110,000,000 (equivalent to approximately HK\$130,797,000)). The deposits received is measured at amortised cost using the effective interest rate at 6.00% per annum.

As the fair value of the Compensated Properties changes from time to time, the carrying amount recognised by the Group would be subject to remeasurement at fair value at each subsequent reporting date prior to obtaining control of the Compensated Properties.

As at 30 June 2021, the long-term other assets of RMB1,479,866,000 (equivalent to approximately HK\$1,776,550,000) (31 December 2020: RMB1,464,929,000 (equivalent to approximately HK\$1,741,890,000)) consists of the present value of the future monthly compensation income receivable of RMB40,300,000 (equivalent to approximately HK\$48,379,000) (31 December 2020: RMB50,357,000 (equivalent to approximately HK\$59,877,000)) and the fair value of the Compensated Properties of RMB1,439,566,000 (equivalent to approximately HK\$1,728,171,000) (31 December 2020: RMB1,414,572,000 (equivalent to approximately HK\$1,682,013,000)).

As at 30 June 2021 and 31 December 2020, the fair value of Compensated Properties was determined based on direct comparison method making reference to market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject properties. Market unit rate, which mainly taking into account of the time, location, frontage and size are considered as significant unobservable input. The market unit rate of the Compensated Properties used in the valuation was referenced to similar commercial properties, which ranged from RMB22,500 to RMB50,000 (31 December 2020: RMB22,500 to RMB50,000) and similar residential properties, which was RMB42,000 (31 December 2020: RMB42,000). A significant increase in the market unit rate used would result in a significant increase in the fair value of the Compensated Properties, and vice versa. Other key inputs and significant assumptions which involve judgements, included discount rate and time to completion. The discount rate used in the valuation was referenced to the applicable market yield of similar properties. The fair value measurements of Compensated Properties are categorised as Level 3 of the fair value hierarchy. There were no transfers into or out of Level 2 or Level 3 during both periods.

13. TRADE AND OTHER RECEIVABLES

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

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

The Group allows credit periods ranging from 30 days to 180 days, depending on the products sold, to its trade customers. Trade and other receivables are unsecured and interest-free.

14. TRADE AND OTHER PAYABLES

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

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

15. SECURED BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of approximately HK\$142,133,000 (for six months ended 30 June 2020: HK\$150,653,000) and repaid bank loans of HK\$143,403,000 (for six months ended 30 June 2020: HK\$155,491,000). 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\$204,267,000 (for six months ended 30 June 2020: HK\$206,637,000).

16. SHARE CAPITAL

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

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

17. CAPITAL COMMITMENTS

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– plant and equipment	6,796	4,594
– buildings	3,454	3,426
	10,250	8,020

18. RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel

	1.1.2021	1.1.2020
	to	to
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	9,537	9,595
Retirement benefit scheme contributions	45	45
	9,582	9,640

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

- (b) During the six months ended 30 June 2021, 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 2020: HK\$81,315,000). Approximately HK\$38,829,000 (31 December 2020: HK\$43,613,000) was utilised in respect of this banking facility as at 30 June 2021.

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

- (c) During the six months ended 30 June 2021, the Group incurred interest expenses of HK\$1,248,000 (for six months ended 30 June 2020: HK\$1,110,000) on the amount due to a director of the Company, Ms. Fung Mei Po.
- (d) During the six months ended 30 June 2021, the Group incurred interest expenses of HK\$993,000 (for six months ended 30 June 2020: HK\$906,000) on the amount due to a director of the Company, Mr. Lee Tat Hing.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

To the Board of Directors of
World Houseware (Holdings) Limited
世界(集團)有限公司

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of World Houseware (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 3 to 21, which comprises the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 August 2021

Management Discussion and Analysis

RESULTS

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

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

BUSINESS REVIEW

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

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

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

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

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

PROSPECTS

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

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

By order of the Board

Lee Tat Hing

Chairman

Hong Kong

26 August 2021

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

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

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

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

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, right-of-use assets and bank deposits with an aggregate net book value of HK\$154,357,000 (31.12.2020: HK\$164,469,000) were pledged to banks for general banking facilities granted to the Group.

In addition, the Group also pledged the life insurance to a bank to secure general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2021, the Group employed a total workforce of about 747 (30.6.2020: 815) including 720 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$35,622,000 (30.6.2020: HK\$31,869,000). It is the Group's policy to review its employees' pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industries. It is the Group's policy to encourage its subsidiaries to send the management and staff to attend training classes or seminars that related to the Group's business. Tailor made internal training programmes were also provided to staff in our PRC factories.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 30 June 2021 the interests of the directors, chief executive and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”); or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of directors	Number of issued ordinary shares held					Total	Percentage of the issue share capital of the Company
	Personal interests	Family interests	Corporate interests	Other interests			
Lee Tat Hing	14,256,072	58,121,087 ^(a)	28,712,551 ^(c)	280,895,630 ^(d)	381,985,340	49.77%	
Fung Mei Po	58,121,087	42,968,623 ^(a)	–	280,895,630 ^(d)	381,985,340	49.77%	
Lee Chun Sing	30,815,830	2,526,000 ^(a)	–	280,895,630 ^(d)	314,237,460	40.94%	
Lee Kwok Sing Stanley	2,481,280	–	–	280,895,630 ^(d)	283,376,910	36.92%	
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) 280,895,630 shares are wholly owned by a discretionary trust company namely Goldhill Profits Limited of which Mr. Lee Tat Hing, Madam Fung Mei Po, Mr. Lee Chun Sing and Mr. Lee Kwok Sing Stanley and other persons who are not directors and chief executive of the Company are the beneficiaries of the Company.
- (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 2021 the following director had personal interests in the deferred non-voting shares of a subsidiary of the Company:

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

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

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

At 30 June 2021 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 2021 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 2021.

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 2021 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 2021:

	Date of grant	Exercise price HK\$	Exercisable period (Note 1)	Outstanding as at 31.12.2020	Exercised during the period	Outstanding as at 30.06.2021	Weighted average closing price immediately before exercise HK\$
Category 1: Directors							
Lee Tat Hing	01.09.2015	0.580	01.09.2015 to 31.08.2025	6,500,000	-	6,500,000	-
	22.12.2020	0.357	22.12.2020 to 21.12.2030	7,500,000	-	7,500,000	-
Fung Mei Po	22.12.2020	0.357	22.12.2020 to 21.12.2030	7,500,000	-	7,500,000	-
Lee Chun Sing	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000	(3,000,000)	3,500,000	0.89
	01.09.2015	0.580	01.09.2015 to 31.08.2025	3,000,000	-	3,000,000	-
Lee Kwok Sing Stanley	22.12.2020	0.357	22.12.2020 to 21.12.2030	5,000,000	-	5,000,000	-
	12.11.2012	0.309	12.11.2012 to 11.11.2022	4,500,000	-	4,500,000	-
Cheung Tze Man Edward	01.09.2015	0.580	01.09.2015 to 31.08.2025	3,000,000	-	3,000,000	-
	22.12.2020	0.357	22.12.2020 to 21.12.2030	1,100,000	-	1,100,000	-
Tsui Chi Him Steve	01.09.2015	0.580	01.09.2015 to 31.08.2025	500,000	-	500,000	-
Hui Chi Kuen Thomas	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000	-	300,000	-
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	-
Shang Sze Ming	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000	-	300,000	-
	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000	-	300,000	-
Category 2: Employees							
	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	6,000,000	(200,000)	5,800,000	0.89
	01.09.2015	0.580	01.09.2015 to 31.08.2025	9,100,000	-	9,100,000	-
	22.12.2020	0.357	22.12.2020 to 21.12.2030	5,700,000	-	5,700,000	-
				<u>70,300,000</u>	<u>(3,200,000)</u>	<u>67,100,000</u>	

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 2021, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR OTHER SIMILAR RIGHTS

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

AUDIT COMMITTEE

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

By Order of the Board

Lee Tat Hing

Chairman

Hong Kong, 26 August 2021