



World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 713

2023 Interim Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Tat Hing (*Chairman*)
Madam Fung Mei Po (*Chief Executive Officer*)

Mr. Lee Chun Sing
Mr. Lee Kwok Sing Stanley
Mr. Leung Cho Wai
(effective from 1 July 2023)
Mr. Tsui Chi Yuen
(effective from 1 July 2023)
Mr. Lee Hong Sing Alan
(effective from 1 July 2023)

Non-Executive Directors

Mr. Cheung Tze Man Edward
Ms. Lee Ka Yee
(effective from 1 July 2023)

Independent Non-Executive Directors

Mr. Tsui Chi Him Steve
Mr. Ho Tak Kay
Mr. Hui Chi Kuen Thomas
Ms. Tsang Wing Yee
(effective from 1 July 2023)
Ms. Hong Ting
(effective from 1 July 2023)

QUALIFIED ACCOUNTANT

Mr. Leung Cho Wai, *FCCA, CPA*

COMPANY SECRETARY

Mr. Tsui Chi Yuen, *CPA*

PRINCIPAL OFFICE

Flat A, 18th Floor
Bold Win Industrial Building
16-18 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL BANKERS

Standard Chartered Bank
HSBC
Bank of China
Hang Seng Bank
DBS Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

SHARE REGISTRARS AND TRANSFER OFFICES

In Hong Kong

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
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 2023 together with the comparative figures for the corresponding period in 2022:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	NOTES	1.1.2023 to 30.6.2023 HK\$'000 (unaudited)	1.1.2022 to 30.6.2022 HK\$'000 (unaudited)
Turnover	3	180,782	320,919
Cost of sales		(161,907)	(282,312)
Gross profit		18,875	38,607
Other income		21,146	2,714
Other gains and losses	4	22,031	13,319
Loss arising from change in fair value of long-term other assets		(121,462)	(58,068)
Selling and distribution costs		(25,006)	(31,676)
Administrative expenses		(46,859)	(57,057)
Impairment losses reversed (recognised) under expected credit loss model, net of reversal		6,514	(13,960)
Finance costs	5	(9,687)	(11,849)
Loss before taxation	6	(134,448)	(117,970)
Taxation credit	7	5,233	5,216
Loss for the period		(129,215)	(112,754)
Other comprehensive expense:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(51,738)	(60,439)
Total comprehensive expense for the period		(180,953)	(173,193)
		HK cents	HK cents
Basic and diluted loss per share	9	(16.41)	(14.53)

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Non-current assets			
Investment properties	10	31,797	31,007
Property, plant and equipment	11	223,976	265,462
Right-of-use assets		86,365	129,636
Deposits paid for acquisition of property, plant and equipment		13,884	17,383
Deposit and prepayments for a life insurance policy		46,793	47,490
Long-term prepayment		10,750	10,750
Long-term other assets	12	1,457,924	1,586,183
		1,871,489	2,087,911
Current assets			
Inventories		154,262	172,694
Trade and other receivables	13	264,694	342,000
Contract assets		7,076	7,494
Taxation recoverable		541	540
Pledged bank deposits		6,281	6,206
Bank balances and cash		746,892	587,074
		1,179,746	1,116,008
Current liabilities			
Trade and other payables	14	964,584	899,013
Contract liabilities		13,614	16,308
Amounts due to directors		118,266	46,471
Taxation payable		242	1,405
Lease liabilities		21,459	21,847
Secured bank borrowings	15	26,260	33,340
		1,144,425	1,018,384
Net current assets		35,321	97,624
Total assets less current liabilities		1,906,810	2,185,535

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2023

	NOTES	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Non-current liabilities			
Amounts due to directors		59,450	130,789
Deposits received	12	116,072	119,542
Lease liabilities		49,448	63,122
Deferred taxation		216,143	229,202
		441,113	542,655
Net assets		1,465,697	1,642,880
Capital and reserves			
Share capital	16	79,212	78,562
Reserves		1,386,485	1,564,318
Total equity		1,465,697	1,642,880

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	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 2023 (audited)	78,562	351,385	251,393	10,345	11,717	230,267	51,885	657,326	1,642,880
Loss for the period	-	-	-	-	-	-	-	(129,215)	(129,215)
Other comprehensive expense for the period	-	-	-	-	-	(51,738)	-	-	(51,738)
Total comprehensive expense for the period	-	-	-	-	-	(51,738)	-	(129,215)	(180,953)
Exercise of share options	650	5,120	-	-	(2,000)	-	-	-	3,770
At 30 June 2023 (unaudited)	79,212	356,505	251,393	10,345	9,717	178,529	51,885	528,111	1,465,697
At 1 January 2022 (audited)	77,612	347,990	251,393	10,345	13,215	316,462	49,432	873,142	1,939,591
Loss for the period	-	-	-	-	-	-	-	(112,754)	(112,754)
Other comprehensive expense for the period	-	-	-	-	-	(60,439)	-	-	(60,439)
Total comprehensive expense for the period	-	-	-	-	-	(60,439)	-	(112,754)	(173,193)
Deemed contribution arising from cashflow estimates on amount due to a director	-	-	-	122	-	-	-	-	122
At 30 June 2022 (unaudited)	77,612	347,990	251,393	10,467	13,215	256,023	49,432	760,388	1,766,520

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 2023

	1.1.2023 to 30.6.2023 HK\$'000 (unaudited)	1.1.2022 to 30.6.2022 HK\$'000 (unaudited)
Net cash generated from operating activities	14,528	16,298
Investing activities		
Interest received	681	3,049
Proceeds from disposal of property, plant and equipment	15	–
Pledged bank deposits raised during the period	(75)	–
Purchase of property, plant and equipment	(7,340)	(30,218)
Compensation receipt in advance for land resumption	203,851	–
Net cash from (used in) investing activities	197,132	(27,169)
Financing activities		
Repayments of lease liabilities	(10,786)	(4,508)
Repayments of bank loans	(7,703)	(118,222)
Other financing cash flows	(3,700)	(22,320)
Exercise of share options	3,770	–
Bank loans raised	–	60,145
Net cash used in financing activities	(18,419)	(84,905)
Net increase (decrease) in cash and cash equivalents	193,241	(95,776)
Cash and cash equivalents at 1 January	587,074	843,431
Effect of foreign currency rate changes	(33,423)	(32,495)
Cash and cash equivalents at 30 June, represented by bank balances and cash	746,892	715,160

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of 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 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of amendments to HKFRSs *(Continued)*

Except as described below, the application of the new and 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.

Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets associated with the lease liability of HK\$20,015,000 and deferred tax liabilities associated with the right-of-use asset of HK\$20,015,000 as at 31 December 2022 on a gross basis. As the lease transaction was entered during the year ended 31 December 2022, the application of the amendments has no impact on the deferred tax assets, deferred tax liabilities and retained earnings as at 1 January 2022.

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

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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 2023 (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	24,686	152,736	–	177,422
Revenue from contracts with customers	24,686	152,736	–	177,422
Rental income	3,195	–	165	3,360
Total segment revenue	27,881	152,736	165	180,782
Segment loss	(10,226)	(5,272)	(94,858)	(110,356)
Bank interest income				681
Interest income from a deposit placed for a life insurance policy				625
Finance costs				(9,687)
Premium charges on a life insurance policy				(871)
Unallocated corporate expenses				(14,840)
Loss before taxation				(134,448)

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Six months ended 30 June 2022 (unaudited)

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
Turnover				
Sales of goods recognised at a point in time	64,417	252,671	–	317,088
Revenue from contracts with customers	64,417	252,671	–	317,088
Rental income	3,188	478	165	3,831
Total segment revenue	67,605	253,149	165	320,919
Segment profit (loss)	1,499	(28,544)	(67,238)	(94,283)
Bank interest income				2,437
Interest income from a deposit placed for a life insurance policy				612
Finance costs				(11,849)
Premium charges on a life insurance policy				(843)
Unallocated corporate expenses				(14,044)
Loss before taxation				(117,970)

Segment loss represents the 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

	1.1.2023	1.1.2022
	to	to
	30.6.2023	30.6.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gain (loss) arising from changes in fair value of investment properties	790	(1,966)
Net foreign exchange gain	21,515	15,318
Loss on disposal of property, plant and equipment	(274)	(33)
	22,031	13,319

5. FINANCE COSTS

	1.1.2023	1.1.2022
	to	to
	30.6.2023	30.6.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
– secured bank borrowings	1,554	3,162
– lease liabilities	2,216	2,580
Interest/imputed interest on		
– amounts due to directors	2,292	2,349
– deposits received from redevelopment project	3,625	3,758
	9,687	11,849

6. LOSS BEFORE TAXATION

	1.1.2023 to 30.6.2023 HK\$'000 (unaudited)	1.1.2022 to 30.6.2022 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	16,650	25,621
Depreciation of right-of-use assets	12,201	10,656
and after crediting:		
Gross rental income from investment properties	3,360	3,831
Less: direct operating expenses that generated rental income	(94)	(110)
	3,266	3,721
Imputed interest income arising from long-term other assets	294	1,033
Bank interest income	681	2,437
Imputed interest income from a deposit placed for a life insurance policy	625	612

7. TAXATION CREDIT

	1.1.2023 to 30.6.2023 HK\$'000 (unaudited)	1.1.2022 to 30.6.2022 HK\$'000 (unaudited)
PRC Enterprise Income Tax ("EIT")		
– charge for the period	2,684	522
– underprovision in prior years	347	85
	3,031	607
Deferred taxation		
– credit for the period	(1,660)	(9,182)
– withholding tax on profits of non-resident in the PRC	(6,604)	3,359
	(8,264)	(5,823)
Taxation credit for the period	(5,233)	(5,216)

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

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

8. DIVIDENDS

No final dividends in respect of the years ended 31 December 2022 and 31 December 2021 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 2022: nil).

9. LOSS PER SHARE

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

	1.1.2023	1.1.2022
	to	to
	30.6.2023	30.6.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purposes of calculating basic and diluted loss per share	(129,215)	(112,754)
	Number of shares	
	30.6.2023	30.6.2022
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	787,531,310	776,117,421

The diluted loss per share for the period ended 30 June 2023 and 30 June 2022 have 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 2023 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 in an increase in fair value of investment properties of HK\$790,000 (for six months ended 30 June 2022: decrease in fair value of investment properties of HK\$1,966,000), 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 2023, the Group incurred HK\$10,167,000 (for six months ended 30 June 2022: HK\$30,218,000) on acquisition of property, plant and equipment.

During the period ended 30 June 2023, in view of operating losses incurred by household products segment, the directors of the Company performed impairment assessment of the property, plant and equipment and right-of-use assets allocated to the cash-generating unit in relation to the manufacture and distribution of household products by comparing its recoverable amount to its carrying amount in aggregate of HK\$122,836,000 as at 30 June 2023. The recoverable amount of the cash-generating unit has been determined based on a fair value less cost of disposal. Based on the result of the assessment, management of the Group determined no impairment loss was recognised during the period ended 30 June 2023 as the recoverable amounts of the property, plant and equipment and right-of-use assets of Household products segment are higher than their carrying amounts.

During the period ended 30 June 2023, in view of operating losses incurred by PVC pipes and fittings segment, the directors of the Company performed impairment assessment of the property, plant and equipment and right-of-use assets allocated to the cash-generating unit in relation to the manufacture and distribution of PVC pipes and fittings by comparing its recoverable amount to its carrying amount in aggregate of HK\$133,345,000 as at 30 June 2023. The recoverable amount of the cash-generating unit has been determined based on a value in use calculation. Based on the result of the assessment, management of the Group determined no impairment loss was recognised during the period ended 30 June 2023 as the recoverable amounts of the property, plant and equipment and right-of-use assets of PVC pipes and fittings segment are higher than 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 2023, the principal amount of the deposits received from the property developer amounting to RMB110,000,000 (equivalent to approximately HK\$118,919,000) (31 December 2022: RMB110,000,000 (equivalent to approximately HK\$124,434,000)) with carrying amount of HK\$116,072,000 (2022: HK\$119,542,000). The deposits received is measured at amortised cost using the effective interest rate at 6% per annum.

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

12. REDEVELOPMENT PROJECT *(Continued)*

As at 30 June 2023, the long-term other assets of RMB1,348,580,000 (equivalent to approximately HK\$1,457,924,000) (31 December 2022: RMB1,402,186,000 (equivalent to approximately HK\$1,586,183,000)) consists of the present value of the future monthly compensation income receivable of RMB71,446,000 (equivalent to approximately HK\$77,239,000) (31 December 2022: RMB56,143,000 (equivalent to approximately HK\$63,510,000)) and the fair value of the Compensated Properties of RMB1,277,134,000 (equivalent to approximately HK\$1,380,685,000) (31 December 2022: RMB1,346,043,000 (equivalent to approximately HK\$1,522,673,000)).

As at 30 June 2023 and 31 December 2022, the fair value of Compensated Properties was determined based on direct comparison method making reference to market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. The market unit rate of the Compensated Properties used in the valuation was referenced to similar commercial properties, which ranged from RMB18,000 to RMB40,000 (31 December 2022: RMB19,800 to RMB44,000) and similar residential properties, which was RMB36,500 (31 December 2022: RMB37,100). Market unit rate, which mainly taking into account of the time, location, frontage and size are considered as significant unobservable input. A significant increase in the market unit rate used would result in a significant increase in the fair value of the Compensated Properties, and vice versa. Other key inputs and significant assumptions which involve judgements, included discount rate and time to completion. The discount rate used in the valuation was referenced to the applicable market yield of similar properties. The fair value measurements of Compensated Properties are categorised as Level 3 of the fair value hierarchy. There were no transfers into or out of Level 2 or Level 3 during both periods.

13. TRADE AND OTHER RECEIVABLES

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

	30.6.2023	31.12.2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0-30 days	62,441	52,384
31-60 days	29,215	62,791
61-90 days	24,821	37,225
91-180 days	23,317	53,478
Over 180 days	104,751	108,877
<hr/>		
Trade receivables, net of allowance for credit losses	244,545	314,755
Prepayments for raw materials, deposits and other receivables	17,951	25,498
Deposit and prepayments for a life insurance policy	2,198	1,747
<hr/>		
Total trade and other receivables	264,694	342,000

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:

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
0-30 days	25,209	37,087
31-60 days	6,640	17,905
61-90 days	8,338	6,744
Over 90 days	9,541	35,685
<hr/>		
Total trade and bills payables	49,728	97,421
Other payables (<i>Note</i>)	914,856	801,592
<hr/>		
Total trade and other payables	964,584	899,013

Note:

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

14. TRADE AND OTHER PAYABLES (Continued)

Note: (Continued)

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

Apart from the above compensation, in view that the Group is required to relocate its factories and office buildings on the Existing Land as a result of the land resumption (the “Relocation”), the Office, Centre, and Bureau agreed to compensate the Group (the “Relocation Compensation”) for the cost of Relocation. The compensation amount is subject to final review.

The Office, Centre, and Bureau also agreed to compensate to the Group (the “Underground Compensation”) for the cost of restoration of the underground construction at the Existing Land. The compensation amount is subject to final review.

As at 30 June 2023, the Group has received of RMB480,000,000 (equivalent to approximately HK\$518,919,000) (31 December 2022: RMB300,000,000 (equivalent to approximately HK\$339,367,000)) from the Office, Centre, and Bureau as an advance payment for the Land Compensation Price Difference. The remaining portion of the Land Compensation Price Difference will be paid by the Office, Centre, and Bureau upon approval process and subject to the final valuation of the Replacement Land. In addition, the Group has received Relocation Compensation of RMB385,434,000 (equivalent to approximately HK\$416,685,000) (31 December 2022: RMB385,434,000 (equivalent to approximately HK\$436,011,000)) and Underground Compensation of RMB19,419,000 (equivalent to approximately HK\$20,994,000) (31 December 2022: RMB19,419,000 (equivalent to approximately HK\$21,967,000)) from the Office, Centre, and Bureau.

As at 30 June 2023, the amount of compensation receipt in advance for land resumption has been offset with property, plant and equipment of HK\$72,848,000 (31 December 2022: HK\$48,640,000) demolished and right-of-use assets of HK\$27,108,000 (31 December 2022: nil) derecognised pursuant to the Land Resumption Agreement as the directors of the Company considered the carrying amounts of these assets could be recovered through the compensations received from the Land Resumption Project.

15. SECURED BANK BORROWINGS

During the current interim period, the Group repaid bank loans of HK\$7,703,000 (for six months ended 30 June 2022: obtained new bank loans of HK\$60,145,000 and repaid bank loans of HK\$118,222,000). 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\$182,821,000 (for six months ended 30 June 2022: HK\$173,408,000).

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	1,500,000,000	150,000
Issued and fully paid:		
At 1 January 2022 and 30 June 2022	776,117,421	77,612
Exercise of share options	9,500,000	950
At 1 January 2023	785,617,421	78,562
Exercise of share options (<i>Note</i>)	6,500,000	650
At 30 June 2023	792,117,421	79,212

Note: During the period ended 30 June 2023, 6,500,000 shares of HK\$0.1 each were issued to the share option holders at HK\$0.58 per share upon exercise of the share options granted on 1 September 2015 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

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– plant and equipment	1,616	3,254
– buildings	18,625	16,683
	20,241	19,937

18. RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel

	1.1.2023 to 30.6.2023 HK\$'000 (unaudited)	1.1.2022 to 30.6.2022 HK\$'000 (unaudited)
Short-term benefits	9,394	9,246
Retirement benefit scheme contributions	36	36
	9,430	9,282

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 2023, Joy Tower Limited, a related party of the Group, provided its residential property to secure one of the Group's banking facilities amounting to HK\$57,394,000 (31 December 2022: HK\$57,904,000). Approximately HK\$13,471,000 (31 December 2022: HK\$14,394,000) was utilised in respect of this banking facility as at 30 June 2023.

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.

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 24, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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

23 August 2023

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 2023. This interim report has been approved by the Board and the Audit Committee of the Company.

- The Group recorded a consolidated turnover of HK\$180,782,000 for the six months ended 30 June 2023, representing a decrease of 43.7% or HK\$140,137,000 as compared to HK\$320,919,000 of the same period last year.
- Gross profit of the Group was HK\$18,875,000, representing a decrease of 51.1% or HK\$19,732,000 as compared to HK\$38,607,000 of the same period last year. The gross profit margin was 10.4%, representing a decrease of 1.6% as compared to 12.0% of the same period last year.
- Loss for the period was HK\$129,215,000, as compared to a loss of HK\$112,754,000 for the same period last year.
- Basic loss per share was HK\$16.41 cents, as compared to basic loss per share of HK\$14.53 cents for the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2023.

BUSINESS REVIEW

Looking back for the period from January to June 2023 the worldwide economic situation is challenging. The economy is recovering slowly after the novel coronavirus and it is difficult to estimate the business environment. For PVC pipes and fittings manufacturing business, as they have to co-operate with the PRC Shenzhen Urban government for the consolidation of the land restructuring benefit projects, the Group's land at Pinghu Street, Longgang District, Shenzhen City, PRC was resumed by the PRC Shenzhen Urban government (hereinafter called the "Land Resumption Project"). The Group's factory in Shenzhen has to move to temporary rented factory to continue its business which had caused adverse effect to the business of this Sector during this period.

For the household products business, the business turnover was HK\$24,686,000 which represented a decrease of 61.7% when comparing with HK\$64,417,000 last year. The business had recorded a segment loss of HK\$10,226,000.

For PVC pipes and fittings manufacturing business, the business turnover was HK\$152,736,000 representing a decrease of 39.6% when comparing with HK\$252,671,000 last year and the business had recorded a segment loss of HK\$5,272,000.

The gains arising from changes in fair value of investment properties has resulted in an increase of HK\$790,000. Loss arising from changes in fair value on long-term other assets was HK\$121,462,000.

PROSPECTS

Looking to the second half of the year, due to the uncertainty of the worldwide challenge, it is believed that the business environment cannot be improved in short period of time.

For the Pingshan Good Time Urban Renewal Project (花樣年旭輝好時光家園) in Pingshan, Shenzhen, the Group will make timely announcement regarding the progress of the said Project.

We are still negotiating with the PRC Government regarding the details for the compensation, land exchange and relevant procedures of the Shenzhen Government's Land Resumption Project, located at Pinghu Street, Longgang District, Shenzhen and the Group will make timely announcement for its progress.

For the voluntary announcement dated 20 July 2023 regarding the letter of intent for the cooperation in investment promotion project for the two wholly owned subsidiaries of the Group namely South China Reborn Resources (Zhongshan) Company Limited and Fundbor Textiles (Zhongshan) Company Limited ("the Subsidiaries") with the government of Shaxi Town, Zhongshan for the industrial reform of the two parcels of land owned by the Subsidiaries at Chong Bian Industrial Zone, Chong Bian Village, Sha Xi Town, Zhongshan City, Guangdong Province which covers aggregated area around 226 mu (mu is a Chinese unit of land measurement that is commonly 666.7 square meters) of the industrial land, the proposition of expanding industrial using area with relevant facilities (hereinafter called the "Industrial Reform"). After the Industrial Reform, China Reborn Resource will be relocated to that new area and the additional around 50% of that area and other properties would be arranged for lease and sale. We are now in the course of negotiating with relevant government authorities. The Group will make announcement for its progress from time to time.

The Group will in the worldwide economy challenge strive positively to strengthen and do its best to develop its business expecting a bright future to the Group.

By Order of the Board

Lee Tat Hing

Chairman

Hong Kong

23 August 2023

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 2023, the Group had bank balances and cash and pledged bank deposits of approximately HK\$753,173,000 (31.12.2022: HK\$593,280,000) and had interest-bearing bank borrowings of approximately HK\$26,260,000 (31.12.2022: HK\$33,340,000). 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 2023 amounted to HK\$399,571,000; of which HK\$26,260,000 of the banking facilities was utilised (utilisation rate was at 6.6%).

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 2023, the Group had current assets of approximately HK\$1,179,746,000 (31.12.2022: HK\$1,116,008,000). The Group's current ratio was approximately 1.03 as at 30 June 2023 as compared with approximately 1.10 as at 31 December 2022. Total shareholders' funds of the Group as at 30 June 2023 decreased by 10.8% to HK\$1,465,697,000 (31.12.2022: HK\$1,642,880,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2023 was 1.08 (31.12.2022: 0.95).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, right-of-use assets and bank deposits with the aggregate net book value of HK\$133,830,000 (31.12.2022: HK\$132,437,000) 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 2023, the Group employed a total workforce of about 572 (30.6.2022: 625) including 547 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$23,018,000 (30.6.2022: HK\$28,754,000). 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 2023 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	20,756,072	58,121,087 ^(a)	28,712,551 ^(c)	280,895,630 ^(d)	388,485,340	49.04%	
Fung Mei Po	58,121,087	49,468,623 ^(b)	–	280,895,630 ^(d)	388,485,340	49.04%	
Lee Chun Sing	34,315,830	2,526,000 ^(a)	–	280,895,630 ^(d)	317,737,460	40.11%	
Lee Kwok Sing Stanley	5,623,280	–	–	280,895,630 ^(d)	286,518,910	36.17%	
Hui Chi Kuen Thomas	1,300,000	–	–	–	1,300,000	0.16%	
Tsui Chi Him Steve	1,200,000	–	–	–	1,200,000	0.15%	
Cheung Tze Man Edward	2,000,000	–	–	–	2,000,000	0.25%	

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

Notes:

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

At 30 June 2023 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 2023 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 2023 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 2023.

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 2023 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 2023:

	Date of grant	Exercise price HK\$	Exercisable period (Note 1)	Outstanding as at 31.12.2022 and 30.06.2023
Category 1: Directors				
Lee Tat Hing	22.12.2020	0.357	22.12.2020 to 21.12.2030	7,500,000
Fung Mei Po	22.12.2020	0.357	22.12.2020 to 21.12.2030	7,500,000
Lee Chun Sing	01.09.2015	0.580	01.09.2015 to 31.08.2025	3,000,000
	22.12.2020	0.357	22.12.2020 to 21.12.2030	5,000,000
Lee Kwok Sing Stanley	01.09.2015	0.580	01.09.2015 to 31.08.2025	3,000,000
	22.12.2020	0.357	22.12.2020 to 21.12.2030	1,100,000
Cheung Tze Man Edward	01.09.2015	0.580	01.09.2015 to 31.08.2025	500,000
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	01.09.2015	0.580	01.09.2015 to 31.08.2025	300,000
Category 2: Employees				
	01.09.2015	0.580	01.09.2015 to 31.08.2025	9,100,000
	22.12.2020	0.357	22.12.2020 to 21.12.2030	3,700,000
				41,300,000

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 2023, 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 2023.

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 2023. 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 2023.

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, 23 August 2023