世界（集團）有限公司
WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 713)

ANNOUNCEMENT OF INTERIM RESULTS 2012

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 2012 together with the comparative figures for the corresponding period in 2011:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Notes	**1.1.2012 to 30.6.2012 *HK$'000* (Unaudited)**	1.1.2011 to 30.6.2011 *HK$'000* (Unaudited)
Turnover		**506,071**	540,679
Cost of sales		**(445,666)**	(495,065)
Gross profit		**60,405**	45,614
Other income		**4,594**	2,825
Other gains and losses	*4*	**9,986**	19,377
Selling and distribution costs		**(7,522)**	(7,287)
Administrative expenses		**(54,948)**	(55,153)
Finance costs	*5*	**(4,427)**	(4,357)
Profit before taxation		**8,088**	1,019
Taxation (charge) credit	*6*	**(3,345)**	3,810
Profit for the period	*7*	**4,743**	4,829
Other comprehensive (expense) income			
Exchange differences arising from translation		**(12,958)**	22,930
Reclassification of cumulative translation reserve upon disposal of a subsidiary to profit or loss		**(30)**	–
		(12,988)	22,930
Total comprehensive (expense) income for the period		**(8,245)**	27,759
Profit for the period attributable to:			
Owners of the Company		**4,964**	5,396
Non-controlling interests		**(221)**	(567)
		4,743	4,829
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(8,010)**	28,313
Non-controlling interests		**(235)**	(554)
		(8,245)	27,759
Earnings per share	*9*		
Basic		**HK0.73 cent**	HK0.80 cent
Diluted		**HK0.73 cent**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	**30.6.2012**	31.12.2011
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-current assets			
Investment properties		**25,390**	24,090
Property, plant and equipment		**645,012**	674,474
Prepaid lease payments		**84,372**	86,458
Deposits paid for acquisition of property, plant and equipment		**6,835**	1,169
Intangible assets		**1,627**	1,858
		763,236	788,049
Current assets			
Inventories		**233,824**	232,958
Trade and other receivables	*10*	**291,245**	296,756
Derivative financial instrument		**261**	–
Taxation recoverable		**1,030**	4
Pledged bank deposits		**25,442**	32,266
Bank balances and cash		**69,298**	72,554
		621,100	634,538
Current liabilities			
Trade and other payables	*11*	**233,830**	245,181
Amounts due to directors		**23,235**	23,445
Taxation payable		**2,675**	2,066
Bank borrowings – amount due within one year		**158,786**	187,851
Derivative financial instruments		**–**	3,009
		418,526	461,552
Net current assets		**202,574**	172,986
Total assets less current liabilities		**965,810**	961,035
Non-current liabilities			
Bank borrowings – amount due after one year		**16,117**	–
Deferred taxation liabilities		**6,608**	6,103
		22,725	6,103
		943,085	954,932
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**875,456**	884,152
Equity attributable to owners of the Company		**943,098**	951,794
Non-controlling interests		**(13)**	3,138
		943,085	954,932

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments to HKAS 12 "Deferred tax: Recovery of underlying assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in The People's Republic of China ("PRC") are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Accordingly, the presumption set out in the amendments to HKAS 12 is rebutted. The adoption of the amendments to HKAS 12 has had no impact on the consolidated financial position and performance of the Group. This is because, previously, the Group also recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

Regarding the Group's investment properties located in Hong Kong, the directors concluded that the investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted. As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred tax on changes in fair value of the investment properties located in Hong Kong as the Group is not subject to any income tax on disposal of its investment properties in Hong Kong. The application of the amendments to HKAS 12 has been applied retrospectively and has had no material impact on the consolidated financial position and performance of the Group. As at 31 December 2011, a deferred tax liability on changes in fair value of HK$820,000 was recognised and a deferred tax asset of HK$820,000 in respect of tax losses was recognised and these two amounts were offset in the consolidated statement of financial position. The application of the amendments has resulted in no deferred tax liability and deferred tax asset being recognised.

3. SEGMENT INFORMATION

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

Household products	–	manufacture and distribution of household products
PVC pipes and fittings	–	manufacture and distribution of PVC pipes and fittings
Others	–	investment in properties

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

Six months ended 30 June 2012 (unaudited)

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover					
Sales of goods					
External sales	**218,180**	**287,491**	**–**	**–**	**505,671**
Inter-segment sales	**223**	**179**	**–**	**(402)**	**–**
Rental income	**–**	**–**	**400**	**–**	**400**
Total segment revenue	**218,403**	**287,670**	**400**	**(402)**	**506,071**
Segment profit	**6,904**	**7,823**	**1,460**	**–**	**16,187**
Gain arising from changes in fair value of derivative financial instruments					**3,968**
Gain on disposal of a subsidiary					**1,424**
Interest income					**228**
Unallocated corporate expenses					**(9,292)**
Finance costs					**(4,427)**
Profit before taxation					**8,088**

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

Six months ended 30 June 2011 (unaudited)

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover					
Sales of goods					
External sales	236,272	303,958	–	–	540,230
Inter-segment sales	351	250	–	(601)	–
Rental income	–	–	449	–	449
Total segment revenue	236,623	304,208	449	(601)	540,679
Segment profit	5,690	4,223	2,627	–	12,540
Gain arising from changes in fair value of derivative financial instruments					2,625
Gain arising from changes in fair value of financial assets at fair value through profit or loss					19
Interest income					208
Unallocated corporate expenses					(10,016)
Finance costs					(4,357)
Profit before taxation					1,019

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

Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income, gain on disposal of a subsidiary, gain arising from changes in fair value of derivative financial instruments, gain arising from changes in fair value of financial assets at fair value through profit or loss and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	1.1.2012 to 30.6.2012 HK$'000 (Unaudited)	1.1.2011 to 30.6.2011 HK$'000 (Unaudited)
Gain arising from changes in fair value of investment properties	**1,300**	2,270
Gain arising from changes in fair value of financial assets at fair value through profit or loss	**–**	19
Gain arising from changes in fair value of derivative financial instruments	**3,968**	2,625
Gain on disposal of non-current asset classified as held for sale	**–**	18,926
Loss on disposal of property, plant and equipment	**(506)**	(1)
Gain on disposal of a subsidiary	**1,424**	–
Net foreign exchange gain (loss)	**3,800**	(4,462)
	9,986	19,377

5. FINANCE COSTS

	1.1.2012 to 30.6.2012 HK$'000 (Unaudited)	1.1.2011 to 30.6.2011 HK$'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	**4,427**	4,357

6. TAXATION

	1.1.2012 to 30.6.2012 HK$'000 (Unaudited)	1.1.2011 to 30.6.2011 HK$'000 (Unaudited)
Hong Kong Profits Tax charge	**–**	(410)
PRC Enterprise Income Tax (charge) credit	**(2,786)**	467
Deferred taxation (charge) credit	**(559)**	3,753
	(3,345)	3,810

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the periods under review. Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 25% for the six months ended 30 June 2012 (for six months ended 30 June 2011: 24%).

Pursuant to the relevant laws and regulations in the PRC, four (2011: four) of the Company's PRC subsidiaries are entitled to a 50% relief on applicable domestic tax rate from PRC Enterprise Income Tax for current year up to 31 December 2012 under the EIT Law. For certain of the Company's subsidiaries that are not yet entitled to tax exemption and reduction because no profit has been generated since their commencement of operation, under the Guofa [2007] No. 39 promulgated by the State Council ("Guofa"), the deemed first profit making year would be in 2008 and therefore, the PRC Enterprise Income Tax rate on these Company's subsidiaries would be 12.5% for three years from 2010.

Certain of the Company's subsidiaries were entitled to enjoy preferential PRC Enterprise Income Tax rate prior to 2008. Under the Guofa as mentioned above, the PRC Enterprise Income Tax rate for those companies that enjoyed such tax benefits would be increased progressively to 25% within five years commencing from 1 January 2008. The applicable PRC Enterprise Income Tax rate for these subsidiaries is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$63,589,000 (for six months ended 30 June 2011: HK$57,273,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. PROFIT FOR THE PERIOD

	1.1.2012 to 30.6.2012 *HK$'000* **(Unaudited)**	1.1.2011 to 30.6.2011 *HK$'000* (Unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	**214**	208
Amortisation of prepaid lease payments	**1,241**	1,199
Depreciation of property, plant and equipment	**26,877**	26,961
Impairment loss recognised on trade receivables	**4,465**	4,257
and after crediting:		
Gross rental income from investment properties	**400**	449
Less: Direct operating expenses that generated rental income	**(239)**	(93)
	161	356
Gain on disposal of non-current asset classified as held for sale	**–**	18,926
Interest income	**228**	208
Reversal of allowance for inventories obsolescence *(note)*	**–**	3,709

Note: Reversal of allowance for inventories obsolescence had been recognised in the prior period due to realisation and subsequent usage of the relevant inventories and such amount had been included in cost of sales in the condensed consolidated statement of comprehensive income.

8. DIVIDENDS

No final dividends in respect of the year ended 31 December 2011 were paid, declared or proposed during the current interim period (during the six months ended 30 June 2011, a final dividend amounting to HK$3,382,000 in respect of the year ended 31 December 2010 was declared and paid to the owners of the Company). The directors have determined that no dividend will be paid in respect of the current interim period (for six months ended 30 June 2011: nil).

9. EARNINGS PER SHARE

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

	1.1.2012 to 30.6.2012	1.1.2011 to 30.6.2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**4,964**	5,396

	1.1.2012 to 30.6.2012	1.1.2011 to 30.6.2011
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**676,417,401**	676,417,401
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company to directors of the Company and employees of the Group	**1,418,848**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**677,836,249**	676,417,401

Diluted earnings per share is not presented for the period ended 30 June 2011 as there were no potential ordinary shares in existence in that period.

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit periods of 180 days, depending on the products sold, to its trade customers.

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

	30.6.2012	31.12.2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**76,224**	100,072
31 – 60 days	**52,594**	56,097
61 – 90 days	**29,351**	29,631
91 – 180 days	**41,290**	25,731
Over 180 days	**18,517**	18,743
Net trade receivables	**217,976**	230,274
Other receivables and prepayments	**49,322**	37,879
Prepayment in respect of the redevelopment project	**21,500**	21,500
Prepaid lease payments	**2,447**	2,471
Loans to non-controlling shareholders of subsidiaries	**–**	4,632
Total trade and other receivables	**291,245**	296,756

11. TRADE AND OTHER PAYABLES

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

	30.6.2012	31.12.2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**40,416**	42,688
31 – 60 days	**29,550**	35,550
61 – 90 days	**14,644**	14,447
Over 90 days	**24,304**	38,993
Total trade payables	**108,914**	131,678
Other payables	**34,185**	37,966
Deposit received on the redevelopment project	**36,630**	37,037
Receipts in advance	**54,101**	38,500
Total trade and other payables	**233,830**	245,181

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 2012. This interim results announcement has been approved by the Board and the Audit Committee of the Company.

- The Group recorded a consolidated turnover of HK$506,071,000 for the six months ended 30 June 2012, representing a decrease of 6.4% or HK$34,608,000 as compared to HK$540,679,000 of the same period last year.

- Gross profit of the Group was HK$60,405,000, representing an increase of 32.4% or HK$14,791,000 as compared to HK$45,614,000 of the same period last year. The gross profit margin was 11.9%, representing an increase of 3.5% as compared to 8.4% of the same period last year.

- Profit attributable to the owners of the Company for the period was HK$4,964,000, as compared to a profit of HK$5,396,000 of the same period last year.

- Basic earnings per share was HK0.73 cent, as compared to basic earnings per share of HK0.80 cent of the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2012.

BUSINESS REVIEW

For the period under review, as there was severe competition on the traditional manufacturing industries due to economic globalisation and the uncertainty of the risk of the debt of European sovereignty, there was a dropping of the turnover of our Group for 6% when comparing with the same period of last year. However, as the market price of the plastic raw material was steady during the period, the gross profit increased for 32% when comparing with the same period of last year.

For the period under review, although household products had faced the pressure of severe market competition and the increased cost of production, our Group had striven to maintain profit and the business was still steady.

For PVC pipes and fitting business, as the PRC property market is stagnant, the turnover in the period under review declined. But due to the efficient management and steady price of the plastic raw material, profit was still maintained.

During the period under review the gain arising from changes in fair value of investment properties was HK$1,300,000.

PROSPECTS

Looking into future, our Group still maintains steady business in household products and PVC pipes and fitting and to strive for more business profit. Also, we will try our best to develop new environmental recycling and reborn resources business so as to get higher profit.

Our Group's wholly owned subsidiary South China Reborn Resources (Zhongshan) Co. Ltd. ("South China (Zhongshan)") has all along tried to concentrate on the research and development of reborn and recycling business and have invented 18 environmental inventions and Utility Model and some of them had successfully been granted patent certificates in PRC, Hong Kong and Taiwan.

Our Group will continue to invent new environmental technologies. We are now ready to submit application of the patent regarding automatic food waste recycling to make fodder system and will strategically make use of the invented skill and technologies to materialise them into the earning power of the Group.

South China (Zhongshan) is now installing an advanced automatic production line to develop food waste recycling to make fodder business in its factory. It is expected that production on trial basis will be matured during the year. We are now searching a suitable production venue in Hong Kong to develop the business. The Group hopes that if the business can be successfully commenced in PRC and Hong Kong, it will generate good results to the Group in future.

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 2012, the Group had bank balances and cash and pledged bank deposits of approximately HK$94,740,000 (31.12.2011: HK$104,820,000) and had interest-bearing bank borrowings of approximately HK$174,903,000 (31.12.2011: HK187,851,000). 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 2012 amounted to HK$400,252,000; of which HK$174,903,000 of the banking facilities was utilised (utilisation rate was at 43.7%).

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 2012, the Group had current assets of approximately HK$621,100,000 (31.12.2011: HK$634,538,000). The Group's current ratio was approximately 1.5 as at 30 June 2012 as compared with approximately 1.4 as at 31 December 2011. Total shareholders' funds of the Group as at 30 June 2012 decreased by 1.2% to HK$943,085,000 (31.12.2011: HK$954,932,000). The gearing ratio (measured as total liabilities / total shareholders' funds) of the Group as at 30 June 2012 was 0.47 (31.12.2011: 0.49).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments and bank deposits with an aggregate net book value of HK$182,003,000 (31.12.2011: HK$293,791,000) were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2012, the Group employed a total workforce of about 2,372 (30.6.2011: 2,904) including 2,326 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$53,574,000 (30.6.2011: HK$66,663,000). It is the Group's policy to review its employee's 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 program was also provided to staff in our PRC factories.

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

During the six months ended 30 June 2012, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

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 2012. 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 2012.

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.

PUBLICATION OF INTERIM REPORT

The 2012 Interim Report of the Company containing all the information as required by Appendix 16 of the Listing Rules will be published on the Company's website at www.worldhse.com and the website of Hong Kong Exchanges and Clearing Limited, while printed copies will be sent to shareholders of the Company as soon as practicable.

By Order of the Board
Lee Tat Hing
Chairman

Hong Kong, 24 August 2012

As at the date of this announcement, the executive directors of the Company are Mr. Lee Tat Hing, Madam Fung Mei Po, Mr. Lee Chun Sing, Mr. Lee Pak Tung and Madam Chan Lai Kuen Anita; the non-executive director of the Company is Mr. Cheung Tze Man Edward; the independent non-executive directors of the Company are Mr. Tsui Chi Him Steve, Mr. Hui Chi Kuen Thomas and Mr. Ho Tak Kay.