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WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 713)

ANNOUNCEMENT OF INTERIM RESULTS 2010

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 2010 together with the comparative figures for the corresponding period in 2009:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		1.1.2010 to 30.6.2010	1.1.2009 to 30.6.2009
	<i>Notes</i>	HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Turnover		452,784	432,339
Cost of sales		(394,829)	(360,189)
Gross profit		57,955	72,150
Other income		4,235	5,421
Other gains and losses	4	(536)	(1,682)
Selling and distribution costs		(5,559)	(6,030)
Administrative expenses		(43,458)	(44,795)
Finance costs	5	(4,004)	(4,539)
Profit before taxation		8,633	20,525
Taxation	6	(3,740)	(9,259)
Profit for the period, attributable to owners of the Company	7	4,893	11,266
Other comprehensive income			
Exchange differences arising on translation		–	7,280
Total comprehensive income for the period, attributable to owners of the Company		4,893	18,546
Basic earnings per share	9	HK0.7 cent	HK1.7 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	<i>Notes</i>	30.6.2010 <i>HK\$'000</i> (Unaudited)	31.12.2009 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		20,340	19,170
Property, plant and equipment		637,825	648,216
Prepaid lease payments		127,754	129,489
Deposits paid for acquisition of property, plant and equipment		3,723	1,221
Intangible assets		2,300	2,496
Financial asset at fair value through profit or loss		–	6,859
		<u>791,942</u>	<u>807,451</u>
Current assets			
Inventories		207,559	192,776
Trade and other receivables	10	240,399	201,525
Prepaid lease payments		3,470	3,470
Financial asset at fair value through profit or loss		6,886	–
Taxation recoverable		4,178	3,478
Pledged bank deposits		36,374	46,595
Bank balances and cash		57,210	67,396
		<u>556,076</u>	<u>515,240</u>
Current liabilities			
Trade and other payables	11	195,711	180,894
Amounts due to directors		29,996	30,125
Taxation payable		4,988	8,097
Bank borrowings – amount due within one year		183,020	171,014
Derivative financial instruments		1,798	–
		<u>415,513</u>	<u>390,130</u>
Net current assets		<u>140,563</u>	<u>125,110</u>
Total assets less current liabilities		<u>932,505</u>	<u>932,561</u>
Non-current liabilities			
Bank borrowings – amount due after one year		28,812	34,599
Deferred taxation liabilities		9,314	8,476
		<u>38,126</u>	<u>43,075</u>
		<u>894,379</u>	<u>889,486</u>
Capital and reserves			
Share capital		67,642	67,642
Reserves		826,737	821,844
		<u>894,379</u>	<u>889,486</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with 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”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA .

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners

The Group applies HKFRS 3 (Revised) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related party disclosures ⁴
HKAS 32 (Amendment)	Classification of rights issues ²
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ³
HKFRS 9	Financial instruments ⁵
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁴
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 February 2010.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for annual periods beginning on or after 1 January 2011.

⁵ Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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

In addition, "others" segment represents the investment in properties.

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

Six months ended 30 June 2010

	Household products <i>HK\$'000</i>	PVC pipes and fittings <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT TURNOVER				
Sales of goods				
External sales	199,666	252,683	–	452,349
Inter-segment sales	347	101	–	448
Rental income	–	–	435	435
	<u>200,013</u>	<u>252,784</u>	435	<u>453,232</u>
Elimination	<u>(347)</u>	<u>(101)</u>	–	<u>(448)</u>
Group's turnover	<u><u>199,666</u></u>	<u><u>252,683</u></u>	<u><u>435</u></u>	<u><u>452,784</u></u>
Segment profit	7,028	14,267	1,516	22,811
Loss arising from derivative financial instruments classified as held for trading				(1,517)
Gain arising from fair value change of financial asset at fair value through profit or loss				27
Interest income				451
Unallocated corporate expenses				(9,135)
Finance costs				<u>(4,004)</u>
Profit before taxation				<u><u>8,633</u></u>

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

Six months ended 30 June 2009

	Household products <i>HK\$'000</i>	PVC pipes and fittings <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT TURNOVER				
Sales of goods				
External sales	193,737	238,109	–	431,846
Inter-segment sales	315	827	–	1,142
Rental income	–	–	493	493
	<u>194,052</u>	<u>238,936</u>	<u>493</u>	<u>433,481</u>
Elimination	<u>(315)</u>	<u>(827)</u>	<u>–</u>	<u>(1,142)</u>
Group's turnover	<u><u>193,737</u></u>	<u><u>238,109</u></u>	<u><u>493</u></u>	<u><u>432,339</u></u>
Segment profit	10,776	21,197	1,068	33,041
Gain arising from fair value change of financial asset at fair value through profit or loss				291
Interest income				572
Unallocated corporate expenses				(8,840)
Finance costs				(4,539)
Profit before taxation				<u><u>20,525</u></u>

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, loss arising from derivative financial instruments classified as held for trading, gain arising from fair value change of financial asset at fair value through profit or loss and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	1.1.2010	1.1.2009
	to	to
	30.6.2010	30.6.2009
	HK\$'000	HK\$'000
Gain arising from fair value change of investment properties	1,170	720
Gain arising from fair value change of financial asset at fair value through profit or loss	27	291
Loss arising from derivative financial instruments classified as held for trading	(1,517)	–
Loss on disposal of property, plant and equipment	(46)	(734)
Net foreign exchange loss	(170)	(1,959)
	(536)	(1,682)

5. FINANCE COSTS

	1.1.2010	1.1.2009
	to	to
	30.6.2010	30.6.2009
	HK\$'000	HK\$'000
Interest on bank borrowings		
– wholly repayable within five years	3,908	4,466
– not wholly repayable within five years	96	73
	4,004	4,539

6. TAXATION

	1.1.2010	1.1.2009
	to	to
	30.6.2010	30.6.2009
	HK\$'000	HK\$'000
Hong Kong Profits Tax	–	90
PRC Enterprise Income Tax	2,902	1,560
Deferred taxation charge	838	7,609
	3,740	9,259

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 22% for the six months ended 30 June 2010 (for six months ended 30 June 2009: 20%)

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), certain PRC subsidiaries are exempted from PRC Enterprise Income Tax for two years commencing from their deemed first profit making year of operation in 2008, and thereafter, these PRC subsidiaries are entitled to a 50% relief on applicable domestic tax rate from PRC Enterprise Income Tax rate for the following three years ("Tax Holiday"). The Tax Holiday will expire gradually up to 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\$73,668,000 (for six months ended 30 June 2009: HK\$29,038,000) 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

	1.1.2010	1.1.2009
	to	to
	30.6.2010	30.6.2009
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	196	196
Amortisation of prepaid lease payments	1,735	1,735
Depreciation	24,376	25,253
Net foreign exchange loss (included in other gains and losses)	170	1,959
Loss on disposal of property, plant and equipment	46	734
and after crediting:		
Interest income	451	572
Gross rental income from investment properties	435	493
Less: Direct operating expenses that generated rental income	(89)	(88)
	346	405
Reversal of allowance for bad and doubtful debts	1,296	534
Reversal of allowance for inventories obsolescence (<i>note</i>)	259	108
	1,555	1,044

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

8. DIVIDEND

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend.

9. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2010 is based on the profit for the period attributable to owners of the Company of HK\$4,893,000 (for six months ended 30 June 2009: HK\$11,266,000) and on the 676,417,401 (for six months ended 30 June 2009: 676,417,401) number of shares in issue during the period.

Diluted earnings per share is not presented as there were no potential ordinary shares in existence during both periods.

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit periods of 180 days, depending on the product 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 debt, at the end of the reporting period:

	30.6.2010	31.12.2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	75,865	78,447
31-60 days	49,321	42,634
61-90 days	35,421	16,109
91-180 days	25,593	23,547
Over 180 days	15,539	15,485
	<hr/>	<hr/>
Net trade receivables	201,739	176,222
Other receivables	38,660	25,303
	<hr/>	<hr/>
Total trade and other receivables	240,399	201,525
	<hr/> <hr/>	<hr/> <hr/>

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:

	30.6.2010	31.12.2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	40,114	54,230
31-60 days	38,167	23,451
61-90 days	25,832	13,449
Over 90 days	9,832	15,607
	<hr/>	<hr/>
Total trade payables	113,945	106,737
Other payables	81,766	74,157
	<hr/>	<hr/>
Total trade and other payables	195,711	180,894
	<hr/> <hr/>	<hr/> <hr/>

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 2010. 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\$452,784,000 for the six months ended 30 June 2010, representing an increase of 4.7% or HK\$20,445,000 as compared to HK\$432,339,000 of the same period last year.
- Gross profit of the Group was HK\$57,955,000, representing a decrease of 19.7% or HK\$14,195,000 as compare to HK\$72,150,000 of the same period last year. The gross profit margin was 12.8%, representing a decrease of 3.9% as compared to 16.7% of the same period last year.
- Profit attributable to the shareholders for the period was HK\$4,893,000, as compared to a profit of HK\$11,266,000 for the same period last year.
- Basic earnings per share was HK0.7 cent, as compared to basic earnings per share of HK1.7 cents for the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2010.

BUSINESS REVIEW

Affected by the fluctuation of the price of plastic raw material during the period under review there was a decrease in the gross profit ratio of the business of household products and the business turnover generally can be said as steady. Meanwhile, the Group’s wholly owned subsidiary World Houseware Producing Company Limited which is responsible for the sale of the household products overseas has successfully obtained the Certificate of Quality Management Standards ISO9001:2008. It shows that the management and service provided have attained the required level of international quality management system standard and the Group will continue to strive for best service and quality products as its objective.

For PVC pipes and fitting business, the business profit was decreasing during the period under review as it was also affected by the fluctuation of the plastic raw materials and the keen competition of other competitors of pipes and fitting in PRC.

During the period under review, the gain arising from fair value change of investment properties was HK\$1,170,000.

For the environmental recycling and reborn resources business, despite difficulties encountered in the research and invention of the technologies, with the efforts of our team of experts and technologists we have obtained break through in certain technologies. During the period under review, the Group's wholly owned subsidiary South China Reborn Resources (Zhongshan) Company Limited had submitted certain applications for registration regarding the recycling and reborn resources of technology and invention patents and utility model patents to the State Intellectual Property Office of the People's Republic of China and were successfully accepted and the applications are still under processing.

PROSPECTS

Looking to the future, the Group has full confidence. Following the rebound of the global economy, it is hoped that there will be an increase in the business turnover. The Group will continue to provide best quality services and to expand its business profile positively. We will continue to better its production and the management skill so as to raise its competitive level. Whilst controlling the cost level, the Group will also focus on the work of risk management. It is hoped that the business in the second half of the year will be improved.

The Group will also continue to expand its environmental business and will base on various invention patents and utility model patents which are accepted by the State Intellectual Property Office of the People's Republic of China to submit patent registration in Hong Kong and other recognized international patent organization. We hope that we will develop our environmental business not only in People's Republic of China but also expand to other parts of the world. Meanwhile, the recycling and reborn technologies which are revised and improved by the experts will be put into full operation in the second half of the year. Once in full operation, the benefits they achieved will generate solid contribution to the Group's return.

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 2010, the Group had bank balances and cash and pledged bank deposits of approximately HK\$93,584,000 (31.12.2009: HK\$113,991,000) and had interest-bearing bank borrowings of approximately HK\$211,832,000 (31.12.2009: HK\$205,613,000). 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 2010 amounted to HK\$434,254,000; of which HK\$211,832,000 of the banking facilities was utilised (utilisation rate was at 48.8%).

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 2010, the Group had current assets of approximately HK\$556,076,000 (31.12.2009: HK\$515,240,000). The Group's current ratio was approximately 1.3 as at 30 June 2010 as compared with approximately 1.3 as at 31 December 2009. Total shareholders' funds of the Group as at 30 June 2010 increased by 0.6% to HK\$894,379,000 (31.12.2009: HK\$889,486,000). The gearing ratio (measured as total liabilities / total shareholders' funds) of the Group as at 30 June 2010 was 0.51 (31.12.2009: 0.49).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments, bank deposits and financial asset at fair value through profit or loss with an aggregate net book value of HK\$296,145,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2010, the Group employed a total workforce of about 2,932 (30.6.2009: 3,411) including 2,886 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$51,395,000 (30.6.2009: HK\$49,820,000). 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 2010, 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 2010. 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 2010.

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 2010 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 2010

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.