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 2009

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 2009 together with the comparative figures for the corresponding period in 2008:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	**1.1.2009 to 30.6.2009** ***HK$'000*** **(Unaudited)**	1.1.2008 to 30.6.2008 *HK$'000* (Unaudited)
Turnover		**432,339**	492,716
Cost of sales		**(360,189)**	(465,499)
Gross profit		**72,150**	27,217
Other income		**5,421**	3,721
Selling and distribution costs		**(6,030)**	(7,091)
Administrative expenses		**(45,529)**	(51,335)
Other expenses		**(1,959)**	(19,736)
Gain arising from fair value changes of investment properties		**720**	4,439
Gain arising from derivative financial instruments classified as held for trading		**–**	1,997
Gain (loss) arising from fair value change of financial asset at fair value through profit or loss		**291**	(568)
Finance costs	*4*	**(4,539)**	(6,007)

	Notes	**1.1.2009 to 30.6.2009** ***HK$'000*** **(Unaudited)**	1.1.2008 to 30.6.2008 *HK$'000* (Unaudited)
Profit (loss) before taxation	*5*	**20,525**	(47,363)
Taxation	*6*	**(9,259)**	(1,472)
Profit (loss) for the period		**11,266**	(48,835)
Other comprehensive income			
Exchange differences arising on translation		**7,280**	67,165
Total comprehensive income for the period		**18,546**	18,330
Profit (loss) for the period attributable to owners of the Company		**11,266**	(48,835)
Total comprehensive income for the period attributable to owners of the Company		**18,546**	18,330
Basic earnings (loss) per share	*8*	**HK1.7 cents**	HK(7.2) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2009

	Notes	30.6.2009 HK$'000 (Unaudited)	31.12.2008 HK$'000 (Audited)
Non-current assets			
Investment properties		**17,270**	16,550
Property, plant and equipment		**667,223**	674,116
Prepaid lease payments		**131,223**	132,338
Deposits paid for acquisition of property, plant and equipment		**620**	2,622
Intangible assets		**2,710**	2,869
Financial asset at fair value through profit or loss		**6,558**	6,267
		825,604	834,762
Current assets			
Inventories		**192,675**	167,419
Trade and other receivables	*9*	**212,960**	209,227
Prepaid lease payments		**3,470**	3,454
Taxation recoverable		**3,321**	4,037
Pledged bank deposits		**24,449**	22,946
Bank balances and cash		**79,909**	46,917
		516,784	454,000
Current liabilities			
Trade and other payables	*10*	**185,825**	196,148
Amounts due to directors		**32,533**	27,798
Taxation payable		**2,211**	1,301
Bank borrowings – amount due within one year		**194,779**	176,481
		415,348	401,728
Net current assets		**101,436**	52,272
Total assets less current liabilities		**927,040**	887,034
Non-current liabilities			
Bank borrowings – amount due after one year		**35,612**	21,832
Deferred taxation liabilities		**18,919**	11,239
		54,531	33,071
		872,509	853,963
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**804,867**	786,321
		872,509	853,963

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

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").

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 consolidated financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised in 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKAS 27 (Revised in 2008)	Consolidated and separate financial statements[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised in 2008)	Business combinations[1]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 18	Transfers of assets from customers[4]

1 Effective for annual periods beginning on or after 1 July 2009.

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

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

4 Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised in 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised in 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. 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 has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker of the Group has been identified as the Chairman. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's 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, "all other segments" represents the investment in properties.

Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income, 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 resource allocation and performance assessment.

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 2009

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	All other *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover					
Sales of goods					
External sales	193,737	238,109	–	–	431,846
Inter-segment sales	315	827	–	(1,142)	–
Rental income	–	–	493	–	493
Total	194,052	238,936	493	(1,142)	432,339
Segment profit	5,755	20,111	1,156	–	27,022
Gain arising from fair value change of financial asset at fair value through profit or loss					291
Interest income					572
Central administration costs					(2,821)
Finance costs					(4,539)
Profit before taxation					20,525
Taxation					(9,259)
Profit for the period					11,266

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

Six months ended 30 June 2008

	Household products HK$'000	PVC pipes and fittings HK$'000	All other HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover					
Sales of goods					
External sales	240,307	251,991	–	–	492,298
Inter-segment sales	647	413	–	(1,060)	–
Rental income	–	–	418	–	418
Total	240,954	252,404	418	(1,060)	492,716
Segment (loss) profit	(36,674)	(8,379)	3,976	–	(41,077)
Gain arising from derivative financial instruments classified as held for trading					1,997
Loss arising from fair value change of financial asset at fair value through profit or loss					(568)
Interest income					424
Central administration costs					(2,132)
Finance costs					(6,007)
Loss before taxation					(47,363)
Taxation					(1,472)
Loss for the period					(48,835)

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

4. FINANCE COSTS

	1.1.2009 to 30.6.2009 *HK$'000*	1.1.2008 to 30.6.2008 *HK$'000*
Interest on bank borrowings		
– wholly repayable within five years	**4,466**	5,622
– not wholly repayable within five years	**73**	385
	4,539	6,007

5. PROFIT (LOSS) BEFORE TAXATION

	1.1.2009 to 30.6.2009	1.1.2008 to 30.6.2008
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts	**–**	1,500
Allowance for inventories obsolescence	**–**	1,148
Amortisation of intangible assets (included in cost of sales)	**196**	182
Amortisation of prepaid lease payments	**1,735**	1,652
Depreciation	**25,253**	27,574
Net foreign exchange losses, included in other expenses	**1,959**	19,736
Net loss on disposal of property, plant and equipment	**734**	786
and after crediting:		
Interest income	**572**	424
Rental income	**493**	418
Reversal of allowance for bad and doubtful debts	**534**	–
Reversal of allowance for inventories obsolescence *(note)*	**108**	–

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

6. TAXATION

	1.1.2009 to 30.6.2009	1.1.2008 to 30.6.2008
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**90**	25
PRC Enterprise Income Tax	**1,560**	–
Deferred taxation charge	**7,609**	1,447
	9,259	1,472

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 20% for the six months ended 30 June 2009 (for six months ended 30 June 2008: 18%).

Pursuant to the relevant laws and regulations in the PRC, five (for six months ended 30 June 2008: five) of the Group's PRC subsidiaries are exempted from PRC Enterprise Income Tax for two years commencing from their deemed first profit making year of operation, and thereafter, these PRC subsidiaries will be entitled to a 50% relief on applicable domestic tax rate from PRC Enterprise Income Tax rate for the three years up to 31 December 2012 under the Law of the PRC on Enterprise Income Tax promulgated on 16 March 2007. For certain of the Group's subsidiaries that have not yet entitled to tax exemption and reduction due to no profitability from commencement of operation, under the application of 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 Group's subsidiaries would be 0% during the periods under review.

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

At 30 June 2009, deferred taxation has not been provided in respect of the temporary differences attributable to the undistributable retained profits earned by the PRC subsidiaries amounting to HK$7,148,000 starting from 1 January 2008 under the New Law of the PRC that requires withholding tax upon the distribution of such profits to the shareholders 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. DIVIDEND

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

8. BASIC EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the six months ended 30 June 2009 is based on the profit for the period attributable to owners of the Company of HK$11,266,000 (for six months ended 30 June 2008: loss of HK$48,835,000) and on the 676,417,401 (for six months ended 30 June 2008: 676,417,401) number of shares in issue during the period.

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

9. TRADE AND OTHER RECEIVABLES

The Group allows credit periods of up to 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 reporting date:

	30.6.2009	31.12.2008
	HK$'000	*HK$'000*
0 – 30 days	**63,338**	73,878
31 – 60 days	**38,949**	46,004
61 – 90 days	**32,556**	25,768
91 – 180 days	**31,733**	23,599
Over 180 days	**15,968**	22,452
Total trade receivables	**182,544**	191,701
Other receivables	**30,416**	17,526
Total trade and other receivables	**212,960**	209,227

10. 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 reporting date:

	30.6.2009	31.12.2008
	HK$'000	*HK$'000*
0 – 30 days	**58,985**	36,675
31 – 60 days	**39,730**	22,445
61 – 90 days	**12,725**	15,537
Over 90 days	**12,729**	38,678
Total trade payables	**124,169**	113,335
Other payables	**61,656**	82,813
Total trade and other payables	**185,825**	196,148

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 2009. 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$432,339,000 for the six months ended 30 June 2009, representing a decrease of 12.3% or HK$60,377,000 as compared to HK$492,716,000 of the same period last year.

- Gross profit of the Group was HK$72,150,000, representing an increase of 165% or HK$44,933,000 as compared to HK$27,217,000 of the same period last year. The gross profit margin was 16.7%, representing an increase of 11.2% as compared to 5.5 % of the same period last year.

- Profit attributable to the shareholders for the period was HK$11,266,000, as compared to a loss of HK$48,835,000 for the same period last year.

- Basic earnings per share was HK1.7 cents, as compared to basic loss per share of HK7.2 cents for the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2009.

BUSINESS REVIEW

During the period under review, there was a keen competition in the household products industry which was largely caused by the weak worldwide consumer market under the adverse effect of the financial tsunami. However, as there was a drop in the prices of the raw materials and the Group's management had kept a shrewd eye to the changing market situation and adopted a flexible policy to deal with the purchase of raw material and coupled with the efforts of the staff, there was a steady growth in the business and had recorded profit during the period.

For the PVC pipes and fitting business, based on the renowned goodwill, the drop of the price of the raw materials and the management's effective cost control and flexible policy to tackle the fast changing business environment, the business had recorded satisfactory return during the period under review.

For property investments, the Group had recorded a gain on changes in fair value of its investment properties of HK$720,000 during the period under review.

As to the Group's development of environmental reborn resources business, it had made significant progress during the period under review. It is hoped that following the existing development path it will generate profit to the Group in future.

PROSPECTS

As the global economic environment is still challenging, the economic recovery remains uncertain in the near future. The recent rebound of the price of raw material is one of the unfavourable factors that may adversely affect the profits in household products and PVC pipes and fittings. The Group's business strategy for the second half of this year and the year ahead will be focused mainly in the streamlining of its human resource so as to save costs, expanding its production capacity and enhancing its productivity so as to maximize its economic efficiency.

On the other hand, with the solid business foundation of the Group and the dedicated efforts of the management coupled with the stable market share, good reputation and the established long-term relationship with clients, it is expected that the Group can face the challenge with confidence.

The Group expects that the newly developed environmental reborn resources business will generate high returns in future and the Group is making efforts to enhance the development of new technologies. Its target is to develop the technologies of environmental protection investment by utilizing its existing lands, research and its experiences towards the environment protection business built up over the past few years hoping to lead the business for the Group into a new era.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, term loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 30 June 2009, the Group had bank balances and cash and pledged bank deposits of approximately HK$104,358,000 (31.12.2008: HK$69,863,000) and had interest-bearing bank borrowings of approximately HK$230,391,000 (31.12.2008: HK$198,313,000). 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 2009 amounted to HK$399,676,000; of which HK$230,391,000 of the banking facilities was utilised (utilisation rate was at 57.6%).

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 2009, the Group had current assets of approximately HK$516,784,000 (31.12.2008: HK$454,000,000). The Group's current ratio was approximately 1.24 as at 30 June 2009 as compared with approximately 1.1 as at 31 December 2008. Total shareholders' funds of the Group as at 30 June 2009 increased by 2.2% to HK$872,509,000 (31.12.2008: HK$853,963,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2009 was 0.54 (31.12.2008: 0.51).

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$301,081,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2009, the Group employed a total workforce of about 3,411 (30.6.2008: 3,355) including 3,358 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$49,820,000 (30.6.2008: HK$49,699,000). 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 2009, 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 2009. 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 2009.

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 2009 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.hk 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, 17 September 2009

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, Mr. Kwong Bau To 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.