



**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 2007**

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 2007 together with the comparative figures for the corresponding period in 2006:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 June 2007*

		1.1.2007 to 30.6.2007 <i>HK\$'000</i> (Unaudited)	1.1.2006 to 30.6.2006 <i>HK\$'000</i> (Unaudited)
	<i>Notes</i>		
Turnover		<b>457,979</b>	405,679
Cost of sales		<b>(413,669)</b>	(354,181)
Gross profit		<b>44,310</b>	51,498
Other income		<b>1,487</b>	1,334
Distribution costs		<b>(5,445)</b>	(4,683)
Administrative expenses		<b>(45,389)</b>	(39,403)
Loss arising from misappropriation of funds	4	–	(24,284)
Gain on disposal of other non-current assets classified as held for sale		<b>10,271</b>	–
Gain arising from fair value changes of investment properties		<b>1,010</b>	2,390
Gain arising from fair value change of investment property included under non-current assets classified as held for sale		<b>530</b>	–
Gain arising from fair value changes of derivative financial instruments		<b>5,377</b>	28
Finance costs	5	<b>(6,553)</b>	(5,846)
Profit (loss) before taxation	6	<b>5,598</b>	(18,966)
Taxation	7	<b>(1,603)</b>	(3,702)
Profit (loss) for the period		<b><u>3,995</u></b>	<u>(22,668)</u>
Earnings (loss) per share	9		
Basic		<b><u>HK0.6 cent</u></b>	<u>HK(3.4) cents</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	<i>Notes</i>	<b>30.6.2007</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2006 <i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Investment properties		<b>35,800</b>	36,260
Property, plant and equipment		<b>632,143</b>	623,981
Prepaid lease payments		<b>125,210</b>	124,422
Deposits paid for acquisition of property, plant and equipment		<b>21,143</b>	16,706
Intangible assets		<b>3,226</b>	3,396
		<b>817,522</b>	804,765
<b>Current assets</b>			
Inventories		<b>199,817</b>	177,320
Trade and other receivables	<i>10</i>	<b>240,635</b>	204,004
Properties held for sale		<b>924</b>	10,038
Prepaid lease payments		<b>3,164</b>	3,074
Taxation recoverable		<b>1,947</b>	2,293
Derivative financial instruments		<b>1,400</b>	523
Pledged bank deposits		<b>15,325</b>	10,058
Bank balances and cash		<b>31,211</b>	49,903
		<b>494,423</b>	457,213
Non-current assets classified as held for sale		<b>8,037</b>	54,263
		<b>502,460</b>	511,476
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>205,846</b>	186,157
Amount due to directors		<b>12,000</b>	6,000
Taxation payable		<b>581</b>	1,066
Bank borrowings – amounts due within one year		<b>215,094</b>	259,232
Derivative financial instruments		<b>–</b>	2,235
		<b>433,521</b>	454,690
Liabilities directly associated with non-current assets classified as held for sale		<b>–</b>	7,050
		<b>433,521</b>	461,740
Net current assets		<b>68,939</b>	49,736
Total assets less current liabilities		<b>886,461</b>	854,501
<b>Non-current liabilities</b>			
Bank borrowings – amounts due after one year		<b>25,009</b>	27,220
Deferred taxation liabilities		<b>9,927</b>	9,862
		<b>34,936</b>	37,082
		<b>851,525</b>	817,419
<b>Capital and reserves</b>			
Share capital		<b>67,642</b>	67,642
Reserves		<b>783,883</b>	749,777
		<b>851,525</b>	817,419

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2007*

## 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 (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “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 value.

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 2006.

In the current interim period, the Group has applied, for the first time, a new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2007. The adoption of the new HKFRSs had no material effect on how the results or financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard or interpretations will have no material impact on the results and financial position of the Group.

HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions <sup>2</sup>
HK(IFRIC) – INT 12	Service concession arrangements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008.

### 3. Segment Information

The Group's primary format for reporting segment information is business segments.

*Six months ended 30 June 2007*

	<b>Household products <i>HK\$'000</i></b>	<b>PVC pipes and fittings <i>HK\$'000</i></b>	<b>Property investment <i>HK\$'000</i></b>	<b>Eliminations <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
Turnover					
Sales of goods					
External sales	210,489	223,558	23,073	–	457,120
Inter-segment sales	441	228	–	(669)	–
Rental income	–	–	859	–	859
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>210,930</u>	<u>223,786</u>	<u>23,932</u>	<u>(669)</u>	<u>457,979</u>
Result					
Segment result	(14,135)	4,899	6,782	–	(2,454)
Unallocated corporate income					311
Unallocated corporate expenses					(1,884)
Gain on disposal of other non-current assets classified as held for sale					10,271
Gain arising from fair value change of investment property included under non-current assets classified as held for sale					530
Gain arising from fair value changes of derivative financial instruments					5,377
Finance costs					<u>(6,553)</u>
Profit before taxation					5,598
Taxation					<u>(1,603)</u>
Profit for the period					<u>3,995</u>

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

Six months ended 30 June 2006

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover					
Sales of goods					
External sales	221,627	183,157	–	–	404,784
Inter-segment sales	429	279	–	(708)	–
Rental income	–	–	895	–	895
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>222,056</u>	<u>183,436</u>	<u>895</u>	<u>(708)</u>	<u>405,679</u>
Result					
Segment result	5,257	4,707	1,484	–	11,448
Unallocated corporate expenses					(312)
Loss arising from misappropriation of funds	(24,284)	–	–	–	(24,284)
Gain arising from fair value changes of derivative financial instruments					28
Finance costs					<u>(5,846)</u>
Loss before taxation					(18,966)
Taxation					<u>(3,702)</u>
Loss for the period					<u>(22,668)</u>

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

#### 4. Loss Arising from Misappropriation of Funds

As set out in the announcement dated 14 September 2006 published by the Company, a senior cashier of World Plastic Mat (Baoan) Company Limited (“World Baoan”), one of the Company’s subsidiaries in the People’s Republic of China (“PRC”), has embezzled some of World Baoan’s funds (“Misappropriation of Funds”). The matter was reported to the PRC police and the senior cashier was arrested for criminal investigation.

The Company engaged a forensic accountant to carry out an enquiry into the incident and quantify the financial impact on World Baoan in relation to the Misappropriation of Funds. The forensic accountant’s report was issued on 11 December 2006 pursuant to which the estimated financial impact in relation to the Misappropriation of Funds was preliminarily estimated as approximately RMB25,012,000 (approximately HK\$24,284,000). Accordingly, the Group has recognised the loss arising from the Misappropriation of Funds amounting to approximately HK\$24,284,000 in the condensed consolidated income statement for the six months ended 30 June 2006 in the interim report issued on 14 December 2006. On the basis of this forensic accountant’s report, the Group has carried out further investigation to ascertain the amount of funds misappropriated and finally determined that the loss arising from the Misappropriation of Funds amounted to approximately RMB27,994,000 (approximately HK\$27,311,000) and the legal and professional expenses amounted to HK\$1,397,000 incurred which are directly associated with the incident have been charged to the consolidated income statement for the year ended 31 December 2006.

On 2 July 2007, the PRC Court issued a final verdict, which stated the senior cashier was found liable to repay the financial damage of RMB25,281,000 (approximately HK\$25,903,000) to World Baoan; and the senior cashier was sentenced to jail. However, in the opinion of the directors, the recoverability of this amount from the senior cashier is remote, therefore, the amount of loss arising from Misappropriation of Funds is not reversed as income.

## 5. Finance Costs

	<b>1.1.2007 to 30.6.2007 HK\$'000</b>	1.1.2006 to 30.6.2006 HK\$'000
Interest on bank borrowings		
– wholly repayable within five years	<b>6,380</b>	6,695
– not wholly repayable within five years	<b>513</b>	1,057
	<b>6,893</b>	7,752
Net interest received on derivative financial instruments ( <i>Note a</i> )	<b>(340)</b>	–
Less: Interest capitalised and included in the cost of property, plant and equipment ( <i>Note b</i> )	<b>–</b>	(1,906)
	<b>6,553</b>	5,846

### Notes:

- (a) Gain arising from fair value changes of derivative financial instruments of HK\$5,377,000 (2006: HK\$28,000) on the condensed consolidated income statement does not include interest income in derivative financial instruments.
- (b) Borrowing cost included in the cost of property, plant and equipment during 2006 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 2.5% to expenditure on such assets.

## 6. Profit (Loss) Before Taxation

	<b>1.1.2007</b>	1.1.2006
	<b>to</b>	to
	<b>30.6.2007</b>	30.6.2006
	<b>HK\$'000</b>	HK\$'000
Profit (loss) before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts	<b>2,211</b>	–
Allowance for inventories	<b>1,174</b>	–
Amortisation of intangible assets	<b>170</b>	–
Amortisation of prepaid lease payments	<b>1,578</b>	1,195
Depreciation	<b>24,698</b>	24,916
Loss on disposal of property, plant and equipment	<b>1,031</b>	107

and after crediting:

Dividend income from investments held for trading	–	69
Gain arising from fair value changes of investments held for trading excluding dividend income	–	198
Gain on disposal of investments held for trading	–	36
Interest income	<b>311</b>	144
Rental income	<b>859</b>	895
	<b><u>          </u></b>	<b><u>          </u></b>

## 7. Taxation

	<b>1.1.2007</b>	1.1.2006
	<b>to</b>	to
	<b>30.6.2007</b>	30.6.2006
	<b>HK\$'000</b>	HK\$'000
PRC Enterprise Income Tax	<b>1,848</b>	2,140
Deferred taxation (credit) charge	<b>(245)</b>	1,562
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>1,603</u></b>	<b><u>3,702</u></b>

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit for both periods.

The income tax rate applicable for all PRC's subsidiaries ranges from 15% to 24%.

Pursuant to relevant laws and regulations in the PRC, certain of the Company's subsidiaries are entitled to exemption from Enterprise Income Tax under tax holidays and concessions. Enterprise Income Tax was calculated at rates given under the concessions.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Tax Law") by Order No. 63 of the President of the PRC, which will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. However, for the Company's subsidiaries which are entitled to the preferential tax treatment, the detailed implementation rules regarding the New Tax Law have not been issued and therefore the Group is not in a position to determine whether the Company's subsidiaries will still be entitled to the preferential tax treatment mentioned above.

## 8. Dividend

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

## 9. Earnings (Loss) Per Share

The calculation of the basic earnings (loss) per share for the six months ended 30 June 2007 is based on the profit for the period attributable to equity holders of the Company of HK\$3,995,000 (2006: loss of HK\$22,668,000) and on the 676,417,401 (2006: 676,417,401) number of shares in issue during the period.

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

## 10. 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 aged analysis of the Group's trade receivables at the balance sheet date:

	<b>30.6.2007</b>	31.12.2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 - 30 days	<b>87,199</b>	65,558
31 - 60 days	<b>41,050</b>	41,561
61 - 90 days	<b>23,447</b>	20,278
91 - 180 days	<b>26,675</b>	31,590
Over 180 days	<b>7,339</b>	7,197
Total trade receivables	<b>185,710</b>	166,184
Other receivables	<b>54,925</b>	37,820
Total trade and other receivables	<b><u>240,635</u></b>	<u>204,004</u>

## 11. Trade and Other Payables

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	<b>30.6.2007</b>	31.12.2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 - 30 days	<b>45,867</b>	46,498
31 - 60 days	<b>41,873</b>	37,564
61 - 90 days	<b>33,788</b>	10,338
Over 90 days	<b>47,278</b>	48,833
Total trade payables	<b>168,806</b>	143,233
Other payables	<b>37,040</b>	42,924
Total trade and other payables	<b><u>205,846</u></b>	<u>186,157</u>



## 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 2007. 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\$457,979,000 for the six months ended 30 June 2007, representing an increase of 12.9% or HK\$52,300,000 as compared to HK\$405,679,000 of the same period last year.
- Gross profit of the Group was HK\$44,310,000, representing a decrease of 14% or HK\$7,188,000 as compared to HK\$51,498,000 of the same period last year. The gross profit margin was 9.7%, representing a decrease of 3% as compared to 12.7% of the same period last year.
- Profit attributable to the shareholders for the period was HK\$3,995,000, as compared to a loss of HK\$22,668,000 for the same period last year.
- Basic earnings per share was 0.6 HK cent, as compared to basic loss per share of 3.4 HK cents for the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2007.

### BUSINESS REVIEW

#### Household products

During the period under review, the Group experienced a tough business environment brought by the Misappropriation of Funds of World Plastic Mat (Baoan) Company Limited and the continuous escalation of raw and supplemental materials price and the wages of production, the change of the PRC export tariff policy, the reduction of export tariff refund, the appreciation of Renminbi, as well as the intensive cut-throat competition. As it was hard for the Group to raise the price, the gross profit of the Group’s household products division decreased.

#### Environmental reborn resources business

The recycling and reborn business which is the Group’s own research and development project has made satisfactory progress. The Group is in the process of applying for various related business licenses. As soon as the operation runs smoothly, the Group is expected that the business will bring beneficial contribution to the Group’s profitability.

## **PVC pipes and fittings**

During the period, the business environment of the building material of PVC pipes and fittings business was also very severe. As disclosed above, the continuous high level of the raw and supplemental material price, the increasing of the costs of manpower resources, the appreciation of Renminbi and the reduction of export tariff refund brought great pressure on the operation and production costs of the Company, which lead to a slightly increase in the operating results despite substantial increase in the turnover.

## **Property investment**

During the period under review, the Group has disposed of certain properties which has contributed financial benefits to the Group's operation as the sale has recorded a gross profit of HK\$8,082,000. The change in the fair value of the property portfolio also recorded a gain of HK\$1,010,000 to the Group.

## **INTERIM DIVIDEND**

The Board does not propose any payment of interim dividends for the six months ended 30 June 2007.

## **PROSPECTS**

Following the resumption of trading in the shares in The Stock Exchange of Hong Kong Limited on 11 June 2007 and the conviction of 李艳琴 who was sentenced for 6 years imprisonment by the Guangdong Province Longgang District People's Court of the PRC for the Misappropriation of Funds, the Group's operation is getting back to its normal track.

The Group will strive to continue to carry out business reviews with an aim to improving business strategies and operation efficiency so as to maximize the potential capacity and minimize the operating costs. The Group is determined to accelerate the development of the resources reborn business by making greater efforts in applying for relevant governmental licenses and injecting more technological investments in research and development.

The Group will continue to implement the Group's internal financial control systems and operational workflow as proposed by the external independent expert so as to enhance the standards of the Group's overall corporate governance.

### **Acknowledgement:**

I would like to offer my gratitude to Mr. Tang King Hung, who resigned as an independent non-executive director today, for his valuable contributions to the Group in the past years. I wish Mr. Tang a prosperous and bright future.

Moreover, I would like to express my appreciation to the Board and all the staff, for their dedication and hardwork, as well as all our shareholders, business associates and customers for their continuous cooperation and support.

## **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 2007, the Group had bank balances and cash and pledged bank deposits of approximately HK\$46,536,000 (31.12.2006: HK\$59,961,000) and had interest-bearing bank borrowings of approximately HK\$240,103,000 (31.12.2006: HK\$293,502,000). The Group's interest-bearing bank borrowings was mainly computed at Hong Kong Inter-Bank Offering Rate plus a margin. The Group's total banking facilities available as at 30 June 2007 amounted to HK\$415,056,000; of which HK\$248,235,000 of the banking facilities was utilised (utilisation rate was at 59.8%).

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 2007, the Group had current assets of approximately HK\$502,460,000 (31.12.2006: HK\$511,476,000). The Group's current ratio was approximately 1.16 as at 30 June 2007 as compared with approximately 1.1 as at 31 December 2006. Total shareholders' funds of the Group as at 30 June 2007 increased by 4.2% to HK\$851,525,000 (31.12.2006: HK\$817,419,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2007 was 0.55 (31.12.2006: 0.61).

## **CHARGES ON ASSETS**

Certain leasehold land and buildings, investment properties, properties held for sale, non-current assets classified as held for sale and bank deposits with an aggregate carrying value of HK\$208,919,000 were pledged to banks for general banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

On 20 November 2006, an individual filed a claim to a PRC court against World Baoan for the repayment of alleged loans of approximately RMB4,769,000 (approximately HK\$4,653,000) based on documentation believed to be forged by the senior cashier who has been arrested for the Misappropriation of Funds. On 19 December 2006, the PRC court notified World Baoan to attend the proceedings held on 25 January 2007. On 23 March 2007, the PRC court decided to suspend the legal proceedings of the case pending for the result of the criminal charge against the senior cashier. Although the PRC court has issued a final verdict on 2 July 2007, no notification has yet been received from the PRC court or the individual on whether the legal case may be proceeded any further.

Based on the advice from the PRC lawyer and available evidence, the directors of the Company believe that the claim has been made without valid ground and evidences. Accordingly, no provision for such claim has been made in the condensed consolidated financial statements.

## **STAFF AND EMPLOYMENT**

At 30 June 2007, the Group employed a total workforce of about 3,520 (30.6.2006: 4,090) including 900 permanent staff and 2,530 contracted staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$46,267,000 (30.6.2006: HK\$42,174,000). 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 2007, 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 2007. 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 2007.

## **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.

## DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Company Information" and the Company's website at [www.worldhse.com.hk](http://www.worldhse.com.hk). The Interim Report of the Company for the year ended 30 June 2007 will be despatched to the shareholders and published on the website of the HKEX and the Company's website in due course.

By Order of the Board

**Lee Tat Hing**

*Chairman*

Hong Kong, 19 September 2007

*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, Madam Lai Lai Wah, 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. Tang King Hung, Mr. Hui Chi Kuen Thomas and Mr. Ho Tak Kay.*