



WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 713)

ANNOUNCEMENT OF INTERIM RESULTS 2008

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 2008 together with the comparative figures for the corresponding period in 2007:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	1.1.2008	1.1.2007
	to	to
	30.6.2008	30.6.2007
<i>Notes</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Turnover	492,716	457,979
Cost of sales	<u>(465,499)</u>	<u>(413,669)</u>
Gross profit	27,217	44,310
Other income	3,721	1,487
Selling and distribution costs	(7,091)	(5,445)
Administrative expenses	(51,335)	(43,898)
Other expenses	(19,736)	(1,491)
Gain on disposal of investment properties	3,309	—
Gain on disposal of non-current assets classified as held for sale	—	10,271
Gain arising from fair value changes of investment properties	1,130	1,010
Gain arising from fair value change of investment property included under non-current assets classified as held for sale	—	530
Gain arising from derivative financial instruments classified as held for trading	1,997	5,377
Loss arising from fair value change of financial assets at fair value through profit or loss	(568)	—
Finance costs	4 <u>(6,007)</u>	<u>(6,553)</u>
(Loss) profit before taxation	5 (47,363)	5,598
Taxation	6 (1,472)	(1,603)
(Loss) profit for the period	<u>(48,835)</u>	<u>3,995</u>
Basic (loss) earnings per share	8 <u>HK(7.2) cents</u>	<u>HK0.6 cent</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

	<i>Notes</i>	30.6.2008 HK\$'000 (Unaudited)	31.12.2007 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		18,300	39,020
Property, plant and equipment		616,969	669,400
Prepaid lease payments		110,024	126,064
Deposits paid for acquisition of property, plant and equipment		16,462	7,662
Intangible assets		3,089	3,069
Financial assets at fair value through profit or loss		6,452	—
		<u>771,296</u>	<u>845,215</u>
Current assets			
Inventories		227,337	196,413
Trade and other receivables	9	249,853	255,364
Prepaid lease payments		3,169	3,211
Taxation recoverable		4,243	3,927
Derivative financial instruments		1,137	1,028
Pledged bank deposits		37,391	26,773
Bank balances and cash		27,671	38,868
		<u>550,801</u>	<u>525,584</u>
Non-current assets classified as held for sale		88,877	—
		<u>639,678</u>	<u>525,584</u>
Current liabilities			
Trade and other payables	10	246,591	220,332
Amounts due to directors		24,400	13,000
Taxation payable		183	158
Bank borrowings — amounts due within one year		232,802	245,479
Derivative financial instruments		—	980
		<u>503,976</u>	<u>479,949</u>
Net current assets		<u>135,702</u>	<u>45,635</u>
Total assets less current liabilities		<u>906,998</u>	<u>890,850</u>
Non-current liabilities			
Bank borrowings — amounts due after one year		19,934	24,543
Deferred taxation liabilities		18,644	16,217
		<u>38,578</u>	<u>40,760</u>
		<u>868,420</u>	<u>850,090</u>
Capital and reserves			
Share capital		67,642	67,642
Reserves		800,778	782,448
		<u>868,420</u>	<u>850,090</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

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 revalued amounts or fair values, as appropriate.

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 2007.

In the current interim period, the Group has applied, for the first time, new interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2008. The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. 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 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC)* — INT 13	Customer loyalty programmes ³
HK(IFRIC)* — INT 15	Agreements for the construction of real estate ¹
HK(IFRIC)* — INT 16	Hedges of a net investment in a foreign operation ⁴

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

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 July 2008.

⁴ Effective for annual periods beginning on or after 1 October 2008.

* IFRIC represents the International Financial Reporting Interpretation Committee.

3. Segment information

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

Six months ended 30 June 2008

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

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

Six months ended 30 June 2007

	Household products <i>HK\$'000</i>	PVC pipes and fittings <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover					
Sales of goods					
External sales	210,489	223,558	23,073	—	457,120
Inter-segment sales	441	228	—	(669)	—
Rental income	—	—	859	—	859
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	210,930	223,786	23,932	(669)	457,979
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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					(6,553)
					<hr/>
Profit before taxation					5,598
Taxation					(1,603)
					<hr/>
Profit for the period					3,995
					<hr/> <hr/>

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

4. Finance costs

	1.1.2008 to 30.6.2008 HK\$'000	1.1.2007 to 30.6.2007 HK\$'000
Interest on bank borrowings		
— wholly repayable within five years	5,622	6,380
— not wholly repayable within five years	385	513
	<u>6,007</u>	<u>6,893</u>
Net interest received on derivative financial instruments (<i>Note</i>)	<u>—</u>	<u>(340)</u>
	<u>6,007</u>	<u>6,553</u>

Note: Gain arising from fair value changes of derivative financial instruments of HK\$1,997,000 (2007: HK\$5,377,000) on the condensed consolidated income statement does not include interest income in derivative financial instruments.

5. (Loss) Profit before taxation

	1.1.2008 to 30.6.2008 HK\$'000	1.1.2007 to 30.6.2007 HK\$'000
(Loss) profit before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts	1,500	2,211
Allowance for inventories	1,148	1,174
Amortisation of intangible assets	182	170
Amortisation of prepaid lease payments	1,652	1,578
Depreciation	27,574	24,698
Foreign exchange losses, included in other expenses	19,736	1,491
Loss on disposal of property, plant and equipment	946	1,031
and after crediting:		
Foreign exchange gains	2,003	356
Gain on disposal of property, plant and equipment	160	—
Interest income	424	311
Rental income	418	859
	<u>418</u>	<u>859</u>

6. Taxation

	1.1.2008 to 30.6.2008 HK\$'000	1.1.2007 to 30.6.2007 HK\$'000
Hong Kong Profits Tax	25	—
PRC Enterprise Income Tax	—	1,848
Deferred taxation charge (credit)	<u>1,447</u>	<u>(245)</u>
	<u>1,472</u>	<u>1,603</u>

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. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred taxation for the six months ended 30 June 2008. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the six months ended 30 June 2008.

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), certain subsidiaries in the PRC are entitled to the exemption from PRC Enterprise Income Tax for two or three years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC Enterprise Income Tax for the following three years.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations have changed the tax rate to 25% for certain of the Group's subsidiaries from 1 January 2008.

Certain of the Group's subsidiaries that are currently entitled to exemption and reduction from the PRC statutory income tax rate would continue to enjoy such treatment until the exemption and reduction period expire, but not beyond 2012.

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 (loss) earnings per share

The calculation of the basis (loss) earnings per share for the six months ended 30 June 2008 is based on the loss for the period attributable to equity holders of the Company of HK\$48,835,000 (2007: profit of HK\$3,995,000) and on the 676,417,401 (2007: 676,417,401) number of shares in issue during the period.

Diluted (loss) earnings 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 aged analysis of the Group's trade receivables net of allowance for doubtful debt at the balance sheet date:

	30.6.2008 <i>HK\$'000</i>	31.12.2007 <i>HK\$'000</i>
0 — 30 days	83,237	106,478
31 — 60 days	52,964	50,709
61 — 90 days	30,065	31,899
91 — 180 days	31,023	30,865
Over 180 days	17,761	7,070
Total trade receivables	215,050	227,021
Other receivables	34,803	28,343
Total trade and other receivables	249,853	255,364

10. Trade and other payables

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

	30.6.2008 <i>HK\$'000</i>	31.12.2007 <i>HK\$'000</i>
0 — 30 days	79,445	128,490
31 — 60 days	56,411	23,455
61 — 90 days	40,084	11,936
Over 90 days	32,008	20,342
Total trade payables	207,948	184,223
Other payables	38,643	36,109
Total trade and other payables	246,591	220,332

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 2008. 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\$492,716,000 for the six months ended 30 June 2008, representing an increase of 7.6% or HK\$34,737,000 as compared to HK\$457,979,000 of the same period last year.
- Gross profit of the Group was HK\$27,217,000, representing a decrease of 39% or HK\$17,093,000 as compared to HK\$44,310,000 of the same period last year. The gross profit margin was 5.5%, representing a decrease of 43% as compared to 9.7% of the same period last year.
- Loss attributable to the shareholders for the period was HK\$48,835,000, as compared to a profit of HK\$3,995,000 for the same period last year.
- Basic loss per share was HK7.2 cents, as compared to basic earning per share of HK0.6 cent for the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2008.

Business Review

Household products

During the period under review, due to the continuous increase in the price of raw materials and the intense competition of the industry, coupled with certain state policies of the PRC that are unfavorable for business operation, the operation of household products had experienced the most stringent period in recent years. The sharp appreciation of RMB also led to a loss in the books.

Environmental reborn resources business

During the period under review, the recycling and reborn business was in the process of optimization but there are still rooms for improvement in respect of quality, technology and production capacity. As it still could not conduct mass production, the scale of the existing production capacity was not large enough to meet the expenses incurred at the moment, and a loss was therefore recorded. But as there are good prospects for development for the recycling and reborn business, it is likely when new breakthroughs are realized, the Group will master a leading position in the environmental protection industry in the PRC.

PVC pipes and fittings

As the company has a sufficient customer base, the business of PVC pipes and fittings remained steady during the period under review. However, the gross profit had decreased due to the increase in the price of raw materials, intense competition of the industry and certain state policies of the PRC that are unfavorable for business operation. In addition, owing to the decline on the properties market and the tightening state control of credit policy of the PRC, some of our customers had encountered difficulties in cash flow and they could not make timely payments for goods to us and the company had to make certain provisions for bad and doubtful debts which in turn had created loss to the company. Nevertheless, it is believed that upon stabilization of the raw material prices and the properties market, and the corresponding increase of the selling prices of the products to a reasonable level, the business will continue to contribute steady revenue to the Group.

Property investments

During the period under review, the Group had disposed of certain properties which generated a gross profit of HK\$3,309,000 to the Group. The change in fair value of the investment properties also recorded a gain of HK\$1,130,000 to the Group.

Prospects

Despite the difficult environment, with our determination, renowned goodwill and strong customer base, the Group is confident in overcoming the hardship. Looking forward, the Group will continue to adopt measures to lower the expenditures such as production cost control, strengthening of internal control, reduction of management expenses and the streamlined corporate personnel structure. To tackle with the risk of rising raw material prices, the Group will on one hand continue to implement various measures to lower its costs, while on the other hand it will adjust the selling prices of its products to minimize the effect of rising raw material prices on the gross profit margin.

The Group will strive to achieve stable sales of its PVC pipes and fittings. It will focus on the expansion of the European markets as the prime objective for the household products so as to prevent the Group from being severely affected by the economic downturn of the over-reliance on the market of the United States as in the past.

In addition, the Group will continue to develop its reborn resource business, which is expected to enhance the Group's overall profit when it reaps the expected benefits.

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 2008, the Group had bank balances and cash and pledged bank deposits of approximately HK\$65,062,000 (31.12.2007: HK\$65,641,000) and had interest-bearing bank borrowings of approximately HK\$252,736,000 (31.12.2007: HK\$270,022,000). 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 2008 amounted to HK\$487,519,000; of which HK\$252,736,000 of the banking facilities was utilised (utilisation rate was at 51.8%).

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 2008, the Group had current assets of approximately HK\$639,678,000 (31.12.2007: HK\$525,584,000). The Group's current ratio was approximately 1.27 as at 30 June 2008 as compared with approximately 1.1 as at 31 December 2007. Total shareholders' funds of the Group as at 30 June 2008 increased by 2.2% to HK\$868,420,000 (31.12.2007: HK\$850,090,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2008 was 0.62 (31.12.2007: 0.61).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, non-current assets classified as held for sale bank deposits and financial assets with an aggregate net book value of HK\$370,930,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2008, the Group employed a total workforce of about 3,355 (30.6.2007: 3,520) including 980 permanent staff and 2,316 contracted staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$49,699,000 (30.6.2007: HK\$46,267,000). 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 2008, 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 2008. 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 2008.

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 under “Latest Listed Company Information” and the Company’s website at www.worldhse.com.hk. The Interim Report of the Company for the six months ended 30 June 2008 will be despatched to the shareholders and published on the website of the HKEX’s and the Company’s website in due course.

By Order of the Board

Lee Tat Hing

Chairman

Hong Kong, 19 September 2008

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. Tsui Chi Him Steve, Mr. Hui Chi Kuen Thomas and Mr. Ho Tak Kay.