WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 713)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

The Board of Directors (the "Board") of World Houseware (Holdings) Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 together with the comparative figures for the last corresponding year:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	3	**999,169**	997,202
Cost of sales		**(930,616)**	(918,156)
Gross profit		**68,553**	79,046
Other income		**6,668**	14,797
Selling and distribution costs		**(15,796)**	(12,811)
Administrative expenses		**(104,699)**	(98,303)
Other expenses		**(16,148)**	(22,375)
Allowance for bad and doubtful debts		**(3,288)**	(5,548)
Gain on disposal of a subsidiary		**14,639**	—
Gain arising from fair value changes of other non-current assets classified as held for sale		**—**	9,730
(Loss) gain arising from fair value changes of investment properties		**(620)**	4,230
Gain on disposal of investment properties		**3,628**	600
Gain arising from derivative financial instruments classified as held for trading		**2,039**	5,136
Loss arising from fair value change of financial asset at fair value through profit or loss		**(753)**	—
Impairment loss recognised in respect of property, plant and equipment		**(16,663)**	—
Finance costs	4	**(11,853)**	(13,835)
Loss before taxation		**(74,293)**	(39,333)
Taxation	5	**5,385**	(6,429)
Loss for the year	6	**(68,908)**	(45,762)
Loss per share — basic	7	**(10.2) HK cents**	(6.8) HK cents

CONSOLIDATED BALANCE SHEET
At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties		**16,550**	39,020
Property, plant and equipment		**674,116**	669,400
Prepaid lease payments		**132,338**	126,064
Deposits paid for acquisition of property, plant and equipment		**2,622**	7,662
Intangible assets		**2,869**	3,069
Financial asset at fair value through profit or loss		**6,267**	—
		834,762	845,215
Current assets			
Inventories		**167,419**	196,413
Trade and other receivables	8	**209,227**	255,364
Prepaid lease payments		**3,454**	3,211
Taxation recoverable		**4,037**	3,927
Derivative financial instruments		—	1,028
Pledged bank deposits		**22,946**	26,773
Bank balances and cash		**46,917**	38,868
		454,000	525,584
Current liabilities			
Trade and other payables	9	**196,148**	220,332
Amounts due to directors		**27,798**	13,000
Taxation payable		**1,301**	158
Bank borrowings — amount due within one year		**176,481**	245,479
Derivative financial instruments		—	980
		401,728	479,949
Net current assets		**52,272**	45,635
Total assets less current liabilities		**887,034**	890,850
Non-current liabilities			
Bank borrowings — amount due after one year		**21,832**	24,543
Deferred taxation liabilities		**11,239**	16,217
		33,071	40,760
		853,963	850,090
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**786,321**	782,448
		853,963	850,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position 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 and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of financial statements[2]
HKAS 23 (Revised)	Borrowing costs[2]
HKAS 27 (Revised)	Consolidated and separate financial statements[3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[2]
HKFRS 3 (Revised)	Business combinations[3]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[2]
HKFRS 8	Operating segments[2]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives[4]
HK(IFRIC) – INT 13	Customer loyalty programmes[5]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[2]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[6]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners[3]
HK(IFRIC) – INT 18	Transfers of assets from customers[7]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

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

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

[4] Effective for annual periods ending on or after 30 June 2009.

[5] Effective for annual periods beginning on or after 1 July 2008.

[6] Effective for annual periods beginning on or after 1 October 2008.

[7] Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) 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 the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Business segment

For management purposes, the Group is organised into three divisions: household products, PVC pipes and fittings and property investment.

Household products	—	manufacture and distribution of household products
PVC pipes and fittings	—	manufacture and distribution of PVC pipes and fittings
Property investment	—	investments in properties

Segment information about these businesses is presented below as primary segment information:

Year ended 31 December 2008

	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	**471,126**	**526,961**	**—**	**—**	**998,087**
Inter-segment sales	**673**	**1,043**	**—**	**(1,716)**	**—**
Rental income	**—**	**—**	**1,082**	**—**	**1,082**
Total	**471,799**	**528,004**	**1,082**	**(1,716)**	**999,169**
Segment result	**(32,001)**	**(29,551)**	**3,920**	**—**	**(57,632)**
Gain on disposal of a subsidiary			**14,639**		**14,639**
Gain arising from derivative financial instruments classified as held for trading					**2,039**
Loss arising from fair value changes of financial asset at fair value through profit or loss					**(753)**
Unallocated corporate income					**997**
Unallocated corporate expenses					**(21,730)**
Finance costs					**(11,853)**
Loss before taxation					**(74,293)**
Taxation					**5,385**
Loss for the year					**(68,908)**

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

Year ended 31 December 2008

	Household products HK$'000	PVC pipes and fittings HK$'000	Property investment HK$'000	Corporate HK$'000	Consolidated HK$'000
Other information					
Capital additions	20,295	32,359	—	258	52,912
Depreciation	25,521	26,786	—	1,046	53,353
Amortisation of intangible assets	372	—	—	—	372
Amortisation of prepaid lease payments	2,084	869	—	876	3,829
Allowance for bad and doubtful debts	(417)	3,705	—	—	3,288
Allowance for inventories obsolescence, net	3,808	429	—	—	4,237
Exchange loss (gain), net	16,876	(728)	—	—	16,148
Loss (gain) on disposal of property, plant and equipment	1,687	(121)	—	—	1,566
Gain on disposal of investment properties	—	—	(3,628)	—	(3,628)
Loss arising from fair value changes of investment properties	—	—	620	—	620
Write off of trade receivables	5	107	—	—	112
Write off of other payables	5,955	—	—	—	5,955
Gain arising from derivative financial instruments classified as held for trading	—	—	—	(2,039)	(2,039)
Impairment loss recognised in respect of property, plant and equipment	2,663	14,000	—	—	16,663

At 31 December 2008

	Household products HK$'000	PVC pipes and fittings HK$'000	Property investment HK$'000	Consolidated HK$'000
Assets				
Segment assets	524,055	585,368	16,550	1,125,973
Unallocated corporate assets				162,789
Consolidated total assets				1,288,762
Liabilities				
Segment liabilities	79,638	114,897	75	194,610
Unallocated corporate liabilities				240,189
Consolidated total liabilities				434,799

Year ended 31 December 2007

	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	447,112	522,070	26,279	—	995,461
Inter-segment sales	1,653	780	—	(2,433)	—
Rental income	—	—	1,741	—	1,741
Total	448,765	522,850	28,020	(2,433)	997,202
Segment result	(26,849)	5,965	14,515	—	(6,369)
Gain arising from derivative financial instruments classified as held for trading					5,136
Unallocated corporate income					778
Unallocated corporate expenses					(25,043)
Finance costs					(13,835)
Loss before taxation					(39,333)
Taxation					(6,429)
Loss for the year					(45,762)

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

Year ended 31 December 2007

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Property investment *HK$'000*	Corporate *HK$'000*	Consolidated *HK$'000*
Other information					
Capital additions	40,345	17,718	—	3,417	61,480
Depreciation	21,376	27,698	—	1,001	50,075
Amortisation of intangible assets	351	—	—	—	351
Amortisation of prepaid lease payments	1,508	794	—	876	3,178
Allowance for bad and doubtful debts	2,451	3,097	—	—	5,548
Write off of intangible assets	192	—	—	—	192
Write off of other receivables	4,527	—	—	—	4,527
Allowance for inventories obsolescence	8,754	—	—	—	8,754
Exchange loss (gain), net	23,722	(1,347)	—	—	22,375
(Gain) loss on disposal of property, plant and equipment	(7,187)	707	—	—	(6,480)
Gain arising from fair value changes of investment properties	—	—	(4,230)	—	(4,230)
Gain on disposal of investment properties	—	—	(600)	—	(600)
Gain arising from fair values changes of other non-current assets classified as held for sale	(9,730)	—	—	—	(9,730)
Gain arising from derivative financial instruments classified as held for trading	—	—	—	(5,136)	(5,136)

At 31 December 2007

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	580,259	597,768	39,072	1,217,099
Unallocated corporate assets				153,700
Consolidated total assets				1,370,799
Liabilities				
Segment liabilities	95,736	122,349	—	218,085
Unallocated corporate liabilities				302,624
Consolidated total liabilities				520,709

Geographical segment

More than 90% of the sales of the Group's PVC pipes and fittings and rental income of the Group's property investment made to customers and received from tenants were in the People's Republic of China ("PRC"). An analysis of the Group's sales of household products by geographical market based on location of customers is as follows:

	Turnover	
	2008	2007
	HK$'000	*HK$'000*
United States of America	**403,130**	353,706
Asia	**31,845**	46,105
Europe	**17,054**	17,063
Canada	**12,783**	23,923
Latin America	**5,004**	4,381
Australia	**1,079**	1,214
Other areas	**231**	720
Total sales of household products	**471,126**	447,112

Analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located has not been presented as more than 90% of the assets and capital additions are located in the PRC.

4. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on bank borrowings:		
— wholly repayable within five years	**10,223**	12,410
— not wholly repayable within five years	**1,630**	1,375
	11,853	13,785
Net interest paid on derivative financial instruments	**—**	50
	11,853	13,835

5. TAXATION

	2008	2007
	HK$'000	*HK$'000*
Hong Kong		
— charge for the year	**(1,195)**	(36)
— overprovision in prior years	**31**	—
	(1,164)	(36)
Other regions in the PRC		
— charge for the year	**—**	(848)
— overprovision in prior years	**523**	—
	523	(848)
	(641)	(884)
Deferred taxation charge		
— credit for the year	**6,020**	1,202
— attributable to a change in tax rate	**6**	(6,747)
	6,026	(5,545)
Taxation credit (charge)	**5,385**	(6,429)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

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 Regulation of the New Law. Under the New Law and Implementation Regulation, the PRC Enterprise Income Tax rate of the Group's subsidiaries in the PRC will unify to 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, five (2007: one) 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 in 2008 (2007: first profit making year of operation in 2003), and thereafter, these PRC subsidiaries will be entitled to a 50% relief on applicable domestic tax rate from PRC Enterprise Income Tax for the following three years up to 31 December 2012 under the New Law. The applicable PRC Enterprise Income Tax rate for the particular PRC subsidiary exempted in 2007 is unified to 25% (2007: 24%). 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% this year.

Certain of the Group's subsidiaries were entitled to applicable PRC Enterprise Income Tax rate at 15% in 2007 as these subsidiaries were operated in the Shenzhen Special Economic Zone. Under the application of the Guofa as mentioned above, the PRC Enterprise Income Tax rate of those companies that enjoyed such tax benefits 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).

The tax charge for the year can be reconciled to the loss before taxation in the consolidated income statement as follows:

	2008	2007
	HK$'000	*HK$'000*
Loss before taxation	**(74,293)**	(39,333)
Tax at the domestic income tax rate of 18% (2007: 15%)	**13,373**	5,900
Tax effect of expense not deductible for tax purpose	**(3,725)**	(6,833)
Tax effect of income not taxable for tax purpose	**2,551**	1,005
Overprovision in prior years	**554**	—
Tax effect of tax losses not recognised as deferred tax asset	**(2,330)**	(1,342)
Tax effect of change in tax rate for deferred taxation	**6**	(6,747)
Utilisation of tax losses previously not recognised as deferred tax asset	**2,540**	2,415
Income taxed under tax exemption and at concessionary rate	**(7,173)**	(923)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(411)**	96
Tax credit (charge) for the year	**5,385**	(6,429)

The PRC Enterprise Income Tax rate of 18% (2007: 15%) is the transitional domestic tax rate in the jurisdiction where the operation of the Group is substantially based. The domestic tax rate will be increased progressively and unified at 25% by 2012.

6. LOSS FOR THE YEAR

	2008	2007
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Directors' emoluments	**16,757**	16,966
Other staff's retirement benefit scheme contributions	**3,352**	3,333
Other staff costs	**96,320**	92,692
Total staff costs	**116,429**	112,991
Allowance for bad and doubtful debts	**3,288**	5,548
Allowance for inventories obsolescence	**5,300**	8,754
Amortisation of intangible assets (included in administrative expenses)	**372**	351
Amortisation of prepaid lease payments	**3,829**	3,178
Auditors' remuneration	**2,394**	2,553
Cost of inventories recognised as an expense	**926,379**	899,364
Cost of properties held for sale recognised as an expense	**—**	10,038
Depreciation	**53,353**	50,075
Exchange loss (included in other expenses)	**23,349**	24,018
Loss on disposal of property, plant and equipment	**1,566**	—
Operating lease rentals in respect of rented premises	**154**	581
Shipping and handling expenses (included in selling and distribution costs)	**11,246**	6,677
Write off of intangible assets	**—**	192
Write off of trade receivables	**112**	—
Write off of other receivables	**—**	4,527
and after crediting:		
Exchange gain (included in other expenses)	**7,201**	1,643
Gross rental income from investment properties	**1,082**	1,741
Less: Direct operating expenses that generated rental income	**(55)**	(174)
	1,027	(1,567)
Gain on disposal of property, plant and equipment (included in other income)	**—**	6,480
Interest income	**997**	778
Write off of other payables (included in other income)	**—**	5,955
Reversal of allowance for inventories obsolescence *(note)*	**1,063**	—

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

7. LOSS PER SHARE

The calculations of the basic loss per share are as follows:

	2008	2007
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic loss per share	**(68,908)**	(45,762)

	Number of shares 2008 & 2007
Number of shares for the purpose of calculating basic loss per share	**676,417,401**

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

8. TRADE AND OTHER RECEIVABLES

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

	2008	2007
	HK$'000	*HK$'000*
0 — 30 days	**73,878**	106,478
31 — 60 days	**46,004**	50,709
61 — 90 days	**25,768**	31,899
91 — 180 days	**23,599**	30,865
Over 180 days	**22,452**	7,070
Net trade receivables	**191,701**	227,021
Other receivables	**17,526**	28,343
Total trade and other receivables	**209,227**	255,364

The Group allows credit periods of up to 180 days, depending on the product sold, to its trade customers. Trade and other receivables are unsecured and interest-free. Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and defines appropriate credit limits by customer.

The Group's trade receivables which are denominated in currencies other than the functional currencies of the relevant group companies are set out below:

	2008	2007
	HK$'000	*HK$'000*
United States dollars ("USD")	**55,473**	90,182

Included in the Group's trade receivable balances are debtors with carrying amount of HK$58,912,000 (2007: HK$63,497,000) which are past due at the reporting date for which the Group had not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	2008	2007
	HK$'000	*HK$'000*
31 — 60 days	**9,880**	1,057
61 — 90 days	**4,028**	26,516
91 — 180 days	**22,552**	28,854
Over 180 days	**22,452**	7,070
	58,912	63,497

Movement in the allowance for doubtful debts:

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**27,213**	21,018
Currency realignment	**1,036**	647
Impairment losses recognised on receivables	**3,288**	5,548
Amounts written off as uncollectible	**(12,615)**	—
Balance at end of the year	**18,922**	27,213

The Group's management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality. Based on the payment pattern of the customers of the Group, trade receivables which are past due but not impaired are generally collectable. Allowance on doubtful debt recognised for 2007 and 2008 represent the allowance against the full amount of outstanding trade receivables which are either aged over one year because historical experience is such that receivables past due beyond one year are generally not recoverable, or individually impaired trade receivables of customers which has either been placed under liquidation or in severe financial difficulties.

The directors of the Company consider the carrying amount of trade and other receivables approximates its fair value.

9. TRADE AND OTHER PAYABLES

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

	2008	2007
	HK$'000	*HK$'000*
0 — 30 days	**36,675**	128,490
31 — 60 days	**22,445**	23,455
61 — 90 days	**15,537**	11,936
Over 90 days	**38,678**	20,342
Total trade payables	**113,335**	184,223
Other payables	**82,813**	36,109
Total trade and other payables	**196,148**	220,332

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

Accrued expenses	**10,711**	10,777
Accrued sales discount	**11,137**	3,833
Receipt on advance	**30,828**	9,234
Wages payable	**5,613**	6,592
Payable on acquisition of property, plant and equipment	**8,047**	—
Others	**16,477**	5,673
	82,813	36,109

The average credit period on purchases of goods is 90 days.

Included in trade and other payables are the following amounts denominated in currencies other than the functional currencies of the relevant group companies:

	2008	2007
	HK$'000	*HK$'000*
USD	**7,845**	23,410

The directors of the Company consider that the carrying amount of trade and other payables approximates its fair value.

FINAL DIVIDEND

The directors resolved not to recommend the payment of final dividend for the year ended 31 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

- The Group recorded a turnover of HK$999,169,000 for the year ended 31 December 2008, representing an increase of 0.2% as compared to the same period last year.

- Gross profit and gross profit margin of the Group recorded were HK$68,553,000 and 6.9%, representing a decrease of HK$10,493,000 and a decrease of 1% respectively as compared to the same period last year.

- Loss for the year was HK$68,908,000, as compared to a loss of HK$45,762,000 for the same period last year.

- Basic loss per share was 10.2 HK cents, as compared to basic loss per share of 6.8 HK cents for the same period last year.

- The Board of Directors do not propose any payment of dividend for the year.

BUSINESS REVIEW

For the year ended 31 December 2008, the Group recorded a consolidated turnover of HK$999,169,000 representing an increase of 0.2% from HK$997,202,000 last year. Gross profit and gross profit margin were HK$68,553,000 and 6.9% respectively. Loss for the year was HK$68,908,000.

The continued increase of the price of raw materials, appreciation of Renminbi, implementation of certain unfavourable policies by the PRC Government, the global credit drought triggered by the liquidation of the Lehman Brothers and the global financial tsunami had all contributed unfavourable operating conditions to the manufacturers who based on their production in PRC. Against this background, the Group has experienced a challenging year.

Under the existing strict accounting system, the Group has made significant provisions in respect of its machineries, inventories and trade receivables in the sum of HK$16,663,000, HK$4,237,000 and HK$3,288,000 respectively. Albeit this situation, the Group is optimistic about its prospect.

Under the striving effort of the Group, it has started to generate benefits in the self-developed recycling and reborn business. The Group will not only continue to make improvements on production technologies and the quality of the products, it will also persist to enhance the deployment of machineries so as to increase the profitability of the business.

During the year under review, the turnover of property investment amounted to HK$1,082,000, representing a decrease of 96.14% from HK$28,020,000 of the same period last year. Loss from fair value changes of investment properties was HK$620,000.

PROSPECTS

From the year 2009 onwards, there envisages a steadiness in the price of raw materials and Renminbi currency and the business of household products and PVC pipes and fittings are improving. If there is no further unexpected unfavourable factors in 2009, given the Group's strong reputation and sound management, it is anticipated that there will be significant improvements in these two sectors. The Group will continue to strengthen its internal control and implement various measures to control the cost and consolidate its management so as to achieve the objectives of standardized and process management.

Environmental reborn resources business is a trade which has received encouraging recognition worldwide in 2008. In 2009, the Group will focus its efforts in accelerating the development of this business. We look forward to gradual progress of the business so as to make contribution to the global environmental protection and at the same time to generate significant profits to the operation of the Group.

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 31 December 2008, the Group had bank balances and cash and pledged bank deposits of approximately HK$69,863,000 (31.12.2007: HK$65,641,000) and had interest-bearing bank borrowings of approximately HK$198,313,000 (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 31 December 2008 amounted to HK$494,104,000; of which HK$198,313,000 of the banking facilities was utilised (utilisation rate was at 40.1%).

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 31 December 2008, the Group had current assets of approximately HK$454,000,000 (31.12.2007: HK$525,584,000). The Group's current ratio was approximately 1.1 as at 31 December 2008 as compared with approximately 1.1 as at 31 December 2007. Total shareholders' funds of the Group as at 31 December 2008 increase by 0.5% to HK$853,963,000 (31.12.2007: HK$850,090,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2008 was 0.51 (31.12.2007: 0.61).

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$271,014,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 31 December 2008, the Group employed a total workforce of about 3,110 (31.12.2007: 3,306) including 756 permanent staff and 2,302 contracted staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$99,672,000 (31.12.2007: HK$96,025,000). 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 year ended 31 December 2008, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 May 2009 to 1 June 2009 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the forthcoming annual general meeting of the Company on 1 June 2009, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, at Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 26 May 2009.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules thoughout the year ended 31 December 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 Company's 2008 Annual Report containing all the information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange (www.hkex.com.hk) and will be sent to shareholders of the Company as soon as practicable.

By Order of the Board
Lee Tat Hing
Chairman

Hong Kong, 22 April 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. Ho Tak Kay and Mr. Hui Chi Kuen Thomas.