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 2011

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 2011 together with the comparative figures for the corresponding period in 2010:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	**1.1.2011 to 30.6.2011** *HK$'000* **(Unaudited)**	1.1.2010 to 30.6.2010 *HK$'000* (Unaudited)
Turnover		**540,679**	452,784
Cost of sales		**(495,065)**	(394,829)
Gross profit		**45,614**	57,955
Other income		**2,825**	4,235
Other gains and losses	4	**19,377**	(536)
Selling and distribution costs		**(7,287)**	(5,559)
Administrative expenses		**(55,153)**	(43,458)
Finance costs	5	**(4,357)**	(4,004)
Profit before taxation		**1,019**	8,633
Taxation credit (charge)	6	**3,810**	(3,740)
Profit for the period	7	**4,829**	4,893
Other comprehensive income			
Exchange differences arising on translation		**22,930**	–
Total comprehensive income for the period		**27,759**	4,893
Profit for the period attributable to:			
Owners of the Company		**5,396**	4,893
Non-controlling interests		**(567)**	–
		4,829	4,893
Total comprehensive income for the period attributable to:			
Owners of the Company		**28,313**	4,893
Non-controlling interests		**(554)**	–
		27,759	4,893
Basic earnings per share	9	**HK0.80 cent**	HK0.72cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	30.6.2011 HK$'000 (Unaudited)	31.12.2010 HK$'000 (Audited)
Non-current assets			
Investment properties		**23,990**	21,720
Property, plant and equipment		**685,494**	683,305
Prepaid lease payments		**85,501**	85,130
Deposits paid for acquisition of property, plant and equipment		**90**	150
Intangible assets		**2,014**	2,177
Derivative financial instruments		**2,087**	–
		799,176	792,482
Current assets			
Inventories		**259,225**	223,174
Trade and other receivables	10	**289,821**	225,093
Amounts due from non-controlling shareholders of a subsidiary		**3,770**	–
Prepaid lease payments		**2,410**	2,367
Derivative financial instruments		**101**	403
Financial assets at fair value through profit or loss		**–**	11,780
Taxation recoverable		**72**	72
Pledged bank deposits		**34,176**	35,328
Bank balances and cash		**32,631**	71,238
		622,206	569,455
Non-current asset classified as held for sale		**–**	13,388
		622,206	582,843

	Notes	**30.6.2011** ***HK$'000*** **(Unaudited)**	31.12.2010 *HK$'000* (Audited)
Current liabilities			
Trade and other payables	11	**231,623**	213,901
Amounts due to directors		**23,500**	27,174
Taxation payable		**1,256**	5,066
Bank borrowings – amount due within one year		**202,896**	180,025
		459,275	426,166
Net current assets		**162,931**	156,677
Total assets less current liabilities		**962,107**	949,159
Non-current liabilities			
Bank borrowings – amount due after one year		**–**	11,176
Deferred taxation liabilities		**4,033**	7,647
Derivative financial instruments		**–**	180
		4,033	19,003
		958,074	930,156
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**887,445**	862,514
Equity attributable to owners of the Company		**955,087**	930,156
Non-controlling interests		**2,987**	–
		958,074	930,156

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

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 ("HKAS 34"), Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (as revised in 2009)	Related party disclosures
HKAS 32 (Amendment)	Classification of rights issues
HK (IFRIC*) – INT 14 (Amendment)	Prepayments of a minimum funding requirement
HK (IFRIC*) – INT 19	Extinguishing financial liabilities with equity instruments

* *IFRIC represents the IFRS Interpretations Committee.*

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective. The following new or revised standards and interpretations have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosures of interests in other entities[1]
HKFRS 13	Fair value measurements[1]
HKAS 1 (as revised in 2011)	Presentation of financial statements – Presentation of items of other comprehensive income[2]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 July 2012.

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

3. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS 8 are as follows:

Household products	–	manufacture and distribution of household products
PVC pipes and fittings	–	manufacture and distribution of PVC pipes and fittings
Others	–	investment in properties

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

Six months ended 30 June 2011

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover					
Sales of goods					
External sales	**236,272**	**303,958**	**–**	**–**	**540,230**
Inter-segment sales	**351**	**250**	**–**	**(601)**	**–**
Rental income	**–**	**–**	**449**	**–**	**449**
Total	**236,623**	**304,208**	**449**	**(601)**	**540,679**
Segment profit	**5,690**	**4,223**	**2,627**	**–**	**12,540**
Gain arising from changes in fair value of derivative financial instruments					**2,625**
Gain arising from changes in fair value of financial assets at fair value through profit or loss					**19**
Interest income					**208**
Unallocated corporate expenses					**(10,016)**
Finance costs					**(4,357)**
Profit before taxation					**1,019**

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

Six months ended 30 June 2010

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover					
Sales of goods					
External sales	199,666	252,683	–	–	452,349
Inter-segment sales	347	101	–	(448)	–
Rental income	–	–	435	–	435
Total	200,013	252,784	435	(448)	452,784
Segment profit	7,028	14,267	1,516	–	22,811
Loss arising from changes in fair value of derivative financial instruments					(1,517)
Gain arising from change in fair value of financial asset at fair value through profit or loss					27
Interest income					451
Unallocated corporate expenses					(9,135)
Finance costs					(4,004)
Profit before taxation					8,633

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

Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income, gain (loss) arising from changes in fair value of derivative financial instruments, gain arising from changes in fair value of financial assets 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.

4. OTHER GAINS AND LOSSES

	1.1.2011 to 30.6.2011 *HK$'000*	1.1.2010 to 30.6.2010 *HK$'000*
Gain arising from changes in fair value of investment properties	**2,270**	1,170
Gain arising from changes in fair value of financial assets at fair value through profit or loss	**19**	27
Gain (loss) arising from changes in fair value of derivative financial instruments	**2,625**	(1,517)
Gain on disposal of non-current asset classified as held for sale	**18,926**	–
Loss on disposal of property, plant and equipment	**(1)**	(46)
Net foreign exchange loss	**(4,462)**	(170)
	19,377	(536)

5. FINANCE COSTS

	1.1.2011 to 30.6.2011 *HK$'000*	1.1.2010 to 30.6.2010 *HK$'000*
Interest on bank borrowings		
– wholly repayable within five years	**4,357**	3,908
– not wholly repayable within five years	**–**	96
	4,357	4,004

6. TAXATION (CREDIT) CHARGE

	1.1.2011 to 30.6.2011 *HK$'000*	1.1.2010 to 30.6.2010 *HK$'000*
Hong Kong Profits Tax charge	**410**	–
PRC Enterprise Income Tax (credit) charge	**(467)**	2,902
Deferred taxation (credit) charge	**(3,753)**	838
	(3,810)	3,740

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 24% for the six months ended 30 June 2011 (for six months ended 30 June 2010: 22%).

Pursuant to the relevant laws and regulations in the PRC, four (2010: four) of the Company's PRC subsidiaries are entitled to a 50% relief on applicable domestic tax rate from PRC Enterprise Income Tax for current year up to 31 December 2012 under the EIT Law. For certain of the Company's subsidiaries that have not yet entitled to tax exemption and reduction because no profit is generated since 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 Company's subsidiaries would be 12.5% for three years from 2010.

Certain of the Company'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 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 for these subsidiaries is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$57,273,000 (for six months ended 30 June 2010: HK$73,668,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. PROFIT FOR THE PERIOD

	1.1.2011 to 30.6.2011	1.1.2010 to 30.6.2010
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	**208**	196
Amortisation of prepaid lease payments	**1,199**	1,735
Depreciation of property, plant and equipment	**26,961**	24,376
Impairment loss recognised on trade receivables	**4,257**	–
Net foreign exchange loss (included in other gains and losses)	**4,462**	170
Loss on disposal of property, plant and equipment	**1**	46
and after crediting:		
Gross rental income from investment properties	**449**	435
Less: Direct operating expenses that generated rental income	**(93)**	(89)
	356	346
Gain on disposal of non-current asset classified as held for sale	**18,926**	–
Interest income	**208**	451
Impairment loss reversed on trade receivables	**–**	1,296
Reversal of allowance for inventories obsolescence *(note)*	**3,709**	259

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

8. DIVIDENDS

During the current interim period, a final dividend of HK 0.5 cent per share in respect of the year ended 31 December 2010 (2010: nil) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in current interim period amounted to HK$3,382,000 (2010: nil). The directors do not recommend the payment of an interim dividend.

9. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2011 is based on the profit for the period attributable to owners of the Company of HK$5,396,000 (for six months ended 30 June 2010: HK$4,893,000) and on 676,417,401 (for six months ended 30 June 2010: 676,417,401) shares in issue during the period.

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

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit periods of 180 days, depending on the product sold, to its trade customers.

The following is an analysis of the Group's trade receivables by age, presented based on the invoice date, net of allowance for doubtful debt, at the end of the reporting period:

	30.6.2011	31.12.2010
	HK$'000	*HK$'000*
0 – 30 days	**82,275**	88,973
31 – 60 days	**53,420**	53,613
61 – 90 days	**42,303**	22,314
91 – 180 days	**40,352**	17,889
Over 180 days	**24,603**	6,416
Net trade receivables	**242,953**	189,205
Other receivables	**46,868**	35,888
Total trade and other receivables	**289,821**	225,093

11. TRADE AND OTHER PAYABLES

The following is an analysis of the Group's trade payables by age, presented based on the invoice date, at the end of the reporting period:

	30.6.2011	31.12.2010
	HK$'000	*HK$'000*
0 – 30 days	**61,345**	54,705
31 – 60 days	**27,816**	41,773
61 – 90 days	**33,668**	10,161
Over 90 days	**11,078**	19,976
Total trade payables	**133,907**	126,615
Other payables	**97,716**	87,286
Total trade and other payables	**231,623**	213,901

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 2011. 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$540,679,000 for the six months ended 30 June 2011, representing an increase of 19.4% or HK$87,895,000 as compared to HK$452,784,000 of the same period last year.

- Gross profit of the Group was HK$45,614,000, representing a decrease of 21.3% or HK$12,341,000 as compare to HK$57,955,000 of the same period last year. The gross profit margin was 8.4%, representing a decrease of 4.4% as compared to 12.8% of the same period last year.

- Profit attributable to the shareholders for the period was HK$5,396,000, as compared to a profit of HK$4,893,000 for the same period last year.

- Basic earnings per share was HK0.80 cent, as compared to basic earnings per share of HK0.72 cent for the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2011.

BUSINESS REVIEW

As a whole when comparing with the same period last year, the business turnover of the Group during the period under review showed an increase of 19.4% but the Group's gross profit showed a decreased of 21.3%. The reason is the increase of the cost of production caused by the increase in the price of plastic raw materials, the appreciation of Renminbi and the increase in the welfare of the employees of the PRC.

For the period under review, household products and PVC pipes and fitting business like other traditional production industries in the PRC had experienced the pressure of an increase in the cost of production and severe competition. The main challenge is how to control the cost so as to compete with other competitors. During the period as the Group has strived efforts to improve the production flows and to expand its business scope and at the same time control its production cost there was an increase in the business turnover. However the Group still could not achieve its desired effect in reducing the production cost. The Group will continue to strengthen the management skill and control its production cost so to increase the profit of the Group.

During the period under review, the gain arising from changes in fair value of investment properties was HK$2,270,000.

PROSPECTS

For household products and PVC pipes and fitting business, the Group will continue to strengthen its internal control, improve the production flows and skill and control the production cost. Although competition for the traditional industries is more and more stringent, the Group has confidence that if it can control the cost of production, the profit of the Group will be increased.

The Group has all along concentrated its development in the environmental recycling and reborn resources business and several projects are in progress. The profit margin of traditional industries of the PRC is low as they have to encounter severe competition. But for environmental technological industries, there are comparatively few competitors as they require advanced technologies and patent inventions to support their development and it can thus generate higher profits. If the Group can successfully utilise its technologies and invention patents to develop its business, it may generate good results to the Group in future.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, terms loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 30 June 2011, the Group had bank balances and cash and pledged bank deposits of approximately HK$66,807,000 (31.12.2010: HK$106,566,000) and had interest-bearing bank borrowings of approximately HK$202,896,000 (31.12.2010: HK$191,201,000). 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 2011 amounted to HK$447,398,000; of which HK$202,896,000 of the banking facilities was utilised (utilisation rate was at 45.4%).

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 2011, the Group had current assets of approximately HK$622,206,000 (31.12.2010: HK$569,455,000). The Group's current ratio was approximately 1.4 as at 30 June 2011 as compared with approximately 1.3 as at 31 December 2010. Total shareholders' funds of the Group as at 30 June 2011 increased by 2.7% to HK$955,087,000 (31.12.2010: HK$930,156,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2011 was 0.49 (31.12.2010: 0.48).

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$281,822,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2011, the Group employed a total workforce of about 2,904 (30.6.2010: 2,932) including 2,860 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$66,663,000 (30.6.2010: HK$51,395,000). 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 2011, 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 2011. 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 2011.

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 2011 Interim Report of the Company containing all the information as required by Appendix 16 of the Listing Rules will be published on the Company's website at www.worldhse.com and the website of Hong Kong Exchanges and Clearing Limited, while printed copies will be sent to shareholders of the Company as soon as practicable.

By Order of the Board
Lee Tat Hing
Chairman

Hong Kong, 29 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. Lee Tat Hing, Madam Fung Mei Po, Mr. Lee Chun Sing, Mr. Lee Pak Tung and Madam Chan Lai Kuen Anita; the non-executive director of the Company is Mr. Cheung Tze Man Edward; the independent non-executive directors of the Company are Mr. Tsui Chi Him Steve, Mr. Hui Chi Kuen Thomas and Mr. Ho Tak Kay.