世界（集團）有限公司
WORLD HOUSEWARE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 713)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 together with the comparative figures for the last corresponding year:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Turnover	3	**1,074,970**	1,129,055
Cost of sales		**(934,678)**	(1,029,473)
Gross profit		**140,292**	99,582
Other income		**11,614**	8,347
Other gains and losses	4	**5,805**	3,253
Selling and distribution costs		**(18,259)**	(16,013)
Administrative expenses		**(111,506)**	(105,651)
Impairment losses recognised on trade receivables		**(1,410)**	(17,168)
Finance costs	5	**(8,959)**	(8,973)
Profit (loss) before taxation		**17,577**	(36,623)
Taxation	6	**(6,844)**	70
Profit (loss) for the year	7	**10,733**	(36,553)
Other comprehensive income			
Exchange differences arising from translation		**8,583**	54,965
Reclassification of cumulative translation reserve upon disposal of a subsidiary to profit or loss		**(30)**	–
		8,553	54,965
Total comprehensive income for the year		**19,286**	18,412

	Notes	2012 HK$'000	2011 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**10,956**	(34,785)
Non-controlling interests		**(223)**	(1,768)
		10,733	(36,553)
Total comprehensive income for the year attributable to:			
Owners of the Company		**19,523**	20,151
Non-controlling interests		**(237)**	(1,739)
		19,286	18,412
Earnings (loss) per share	*8*		
Basic		**1.62 HK cents**	(5.14) HK cents
Diluted		**1.61 HK cents**	(5.14) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties		**26,650**	24,090
Property, plant and equipment		**654,905**	674,474
Prepaid lease payments		**84,558**	86,458
Deposits paid for acquisition of property, plant and equipment		**13,899**	1,169
Intangible assets		**1,442**	1,858
Long-term prepayment		**21,500**	21,500
		802,954	809,549
Current assets			
Inventories		**228,897**	232,958
Trade and other receivables	9	**282,445**	275,256
Taxation recoverable		**559**	4
Pledged bank deposits		**29,364**	32,266
Bank balances and cash		**84,705**	72,554
		625,970	613,038
Current liabilities			
Trade and other payables	10	**188,436**	208,144
Amounts due to directors		**22,252**	23,445
Taxation payable		**6,319**	2,066
Bank borrowings – amount due within one year		**166,823**	187,851
Derivative financial instrument		**–**	3,009
		383,830	424,515
Net current assets		**242,140**	188,523
Total assets less current liabilities		**1,045,094**	998,072

	Notes	2012 *HK$'000*	2011 *HK$'000*
Non-current liabilities			
Bank borrowings – amount due after one year		**24,129**	–
Deferred taxation liabilities		**4,831**	6,103
Deposit received		**37,313**	37,037
		66,273	43,140
		978,821	954,932
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**911,194**	884,152
Equity attributable to owners of the Company		**978,836**	951,794
Non-controlling interests		**(15)**	3,138
		978,821	954,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendment to HKFRSs issued by the HKICPA.

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

Except as described below, the adoption of the amendment to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments to HKAS 12 "Deferred tax: Recovery of underlying assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in the PRC are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Accordingly, the presumption set out in the amendments to HKAS 12 is rebutted. The adoption of the amendments to HKAS 12 has had no impact on the consolidated financial position and performance of the Group. This is because, previously, the Group also recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

Regarding the Group's investment properties located in Hong Kong, the directors concluded that the investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted. As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred tax on changes in fair value of the investment properties located in Hong Kong as the Group is not subject to income tax in relation to those fair value changes upon disposal of the properties. The application of the amendments to HKAS 12 has been applied retrospectively and has had no material impact on the consolidated financial position and performance of the Group. As at 31 December 2011, a deferred tax liability on changes in fair value of HK$820,000 was recognised and a deferred tax asset of HK$820,000 in respect of tax losses was recognised and these two amounts were offset in the consolidated statement of financial position. The application of the amendments has resulted in no deferred tax liability and deferred tax asset being recognised.

Amendments to HKFRS 7 Disclosures – Transfers of financial assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The application of the amendments to HKFRS 7 has increased the Group's disclosures regarding trade receivables transferred to a bank with recourse.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
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]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

2 Effective for annual periods beginning on or after 1 January 2014.

3 Effective for annual periods beginning on or after 1 January 2015.

4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "*Financial instruments: recognition and measurement*" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mistmatch in profit or loss. Changes in fair value of the financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future will not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK (SIC)-Int 12 "Consolidation – Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application is permitted provided that all of these standards are applied at the same time.

The directors anticipate that the application of these five standards effective for annual period beginning 1 January 2013 will not have significant impact on the results and financial position of the Group. Also, the Group does not have any associates or jointly controlled entities at 31 December 2012.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013.

The directors anticipate that the application of the new Standard will not have a significant impact on the amounts reported in the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "*Presentation of items of other comprehensive income*" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. This is also the basis upon which the Group is arranged and organised.

Specifically, the Group's reportable and operating 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

Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable and operating segments.

For the year ended 31 December 2012

	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	**452,387**	**621,162**	**–**	**–**	**1,073,549**
Inter-segment sales	**405**	**474**	**–**	**(879)**	**–**
Rental income	**–**	**–**	**1,421**	**–**	**1,421**
Total	**452,792**	**621,636**	**1,421**	**(879)**	**1,074,970**
Segment profit	**10,265**	**36,297**	**3,922**	**–**	**50,484**
Gain arising from changes in fair value of derivative financial instruments					**4,404**
Gain on disposal of subsidiary					**1,424**
Interest income					**1,031**
Unallocated corporate expenses					**(30,807)**
Finance costs					**(8,959)**
Profit before taxation					**17,577**

Inter-segment sales are charged at cost plus certain mark-up.

For the year ended 31 December 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	496,404	631,617	–	–	1,128,021
Inter-segment sales	1,315	416	–	(1,731)	–
Rental income	–	–	1,034	–	1,034
Total	497,719	632,033	1,034	(1,731)	1,129,055
Segment (loss) profit	(4,335)	1,678	3,322	–	665
Loss arising from changes in fair value of derivative financial instruments					(1,803)
Gain arising from changes in fair value of financial assets at fair value through profit or loss					173
Interest income					606
Unallocated corporate expenses					(27,291)
Finance costs					(8,973)
Loss before taxation					(36,623)

Inter-segment sales are charged at cost plus certain mark-up.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) earned/suffered by each segment without allocation of central administration costs, gain (loss) arising from changes in fair value of derivative financial instruments, gain on disposal of a subsidiary, gain arising from changes in fair value of financial assets at fair value through profit or loss, interest income and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

At 31 December 2012

	Household products *HK$'000*	**PVC pipes and fittings** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Assets				
Segment assets	**496,876**	**715,942**	**26,650**	**1,239,468**
Unallocated assets				**189,456**
Consolidated total assets				**1,428,924**
Liabilities				
Segment liabilities	**99,411**	**122,858**	**–**	**222,269**
Unallocated liabilities				**227,834**
Consolidated total liabilities				**450,103**

At 31 December 2011

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	518,864	693,419	24,090	1,236,373
Unallocated assets				186,214
Consolidated total assets				1,422,587
Liabilities				
Segment liabilities	123,434	119,164	–	242,598
Unallocated liabilities				225,057
Consolidated total liabilities				467,655

For the purposes of monitoring segment performances and allocating resources between segments:

– all assets are allocated to operating segments other than taxation recoverable, pledged bank deposits, bank balances and cash, loans to non-controlling shareholders of subsidiaries as well as leasehold land and buildings where such buildings are provided to group directors as residential accommodation.

– all liabilities are allocated to operating segments other than amounts due to directors, taxation payable, derivative financial instruments, bank borrowings, deferred taxation liabilities, bonus payable and accruals of administrative expenses in head office.

Other segment information

For the year ended 31 December 2012

	Household products *HK$'000*	PVC pipes and fittings *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Addition to non-current assets	**19,652**	**20,353**	**–**	**40,005**	**–**	**40,005**
Depreciation	**22,238**	**30,582**	**–**	**52,820**	**1,938**	**54,758**
Amortisation of intangible assets	**430**	**–**	**–**	**430**	**–**	**430**
Amortisation of prepaid lease payments	**1,091**	**1,396**	**–**	**2,487**	**–**	**2,487**
Impairment loss recognised on trade receivables	**29**	**1,381**	**–**	**1,410**	**–**	**1,410**
Recovery of other receivables that were previously impaired in prior year	**1,697**	**100**	**–**	**1,797**	**–**	**1,797**
Reversal of inventories obsolescence	**270**	**293**	**–**	**563**	**–**	**563**
Net foreign exchange (gain) loss	**9**	**938**	**–**	**947**	**–**	**947**
Loss on disposal of property, plant and equipment	**1,057**	**579**	**–**	**1,636**	**–**	**1,636**
Gain arising from changes in fair value of investment properties	**–**	**–**	**2,560**	**2,560**	**–**	**2,560**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:						
Interest income	**796**	**235**	**–**	**1,031**	**–**	**1,031**
Interest expenses	**5,012**	**3,947**	**–**	**8,959**	**–**	**8,959**
Income tax (credit) expenses	**(1,409)**	**8,253**	**–**	**6,844**	**–**	**6,844**

For the year ended 31 December 2011

	Household products HK$'000	PVC pipes and fittings HK$'000	Others HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or segment assets:						
Addition to non-current assets	13,147	12,143	–	25,290	–	25,290
Depreciation	23,092	29,865	–	52,957	1,940	54,897
Amortisation of intangible assets	420	–	–	420	–	420
Amortisation of prepaid lease payments	1,072	1,362	–	2,434	–	2,434
Impairment loss (reversed) recognised on trade receivables	(889)	18,109	–	17,220	–	17,220
Impairment loss (reversed) recognised on other receivables	(198)	146	–	(52)	–	(52)
Reversal of inventories obsolescence	4,668	145	–	4,813	–	4,813
Net foreign exchange loss	11,252	900	–	12,152	–	12,152
Loss on disposal of property, plant and equipment	4,134	333	–	4,467	–	4,467
Gain arising from changes in fair value of investment properties	–	–	2,370	2,370	–	2,370
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:						
Interest income	160	229	–	389	217	606
Interest expenses	5,362	3,611	–	8,973	–	8,973
Income tax (credit) expenses	(1,061)	991	–	(70)	–	(70)

Geographical information

More than 90% of the sales of the Group's PVC pipes and fittings made to customers were in the PRC. The Group's operations of household products are principally located in United States of America, Asia and Europe.

The Group's revenue from household products from external customers by geographical location of the customers are detailed below:

	Revenue from external customers	
	2012	2011
	HK$'000	*HK$'000*
United States of America	**407,779**	446,416
Asia	**11,777**	18,553
Europe	**2,825**	2,658
Other areas	**30,006**	28,777
Total sales of household products	**452,387**	496,404

More than 90% of the Group's non-current assets are located in the PRC. Accordingly, no non-current assets by geographical location is presented.

Information about major customers

During the year ended 31 December 2012, one customer in household products segment contributed HK$133,111,000 (2011: HK$135,518,000), which is over 10%, of the Group's external revenue.

4. OTHER GAINS AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
Gain arising from changes in fair value of investment properties	**2,560**	2,370
Gain (loss) arising from changes in fair value of derivative financial instruments	**4,404**	(1,803)
Gain arising from changes in fair value of financial assets at fair value through profit or loss	**–**	173
Gain on disposal of non-current asset classified as held for sale	**–**	19,132
Gain on disposal of a subsidiary	**1,424**	–
Loss on disposal of property, plant and equipment	**(1,636)**	(4,467)
Net foreign exchange loss	**(947)**	(12,152)
	5,805	3,253

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**8,959**	8,973

6. TAXATION

	2012	2011
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– charge for the year	**53**	742
– (over)underprovision in prior years	**(154)**	40
	(101)	782
Income tax in other regions in the PRC		
– charge for the year	**8,254**	2,341
– overprovision in prior years	**–**	(1,350)
	8,254	991
	8,153	1,773
Deferred taxation		
– credit for the year	**(1,309)**	(1,843)
Tax charge (credit)	**6,844**	(70)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, four (2011: 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.

7. PROFIT (LOSS) FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging:		
Directors' emoluments	**22,197**	18,827
Other staff's salaries and wages	**128,594**	133,627
Other staff's retirement benefit scheme contributions	**6,441**	5,266
Other staff's share-based payments	**3,410**	2,288
Total staff costs	**160,642**	160,008
Amortisation of intangible assets (included in cost of sales)	**430**	420
Amortisation of prepaid lease payments	**2,487**	2,434
Auditors' remuneration	**2,460**	2,450
Cost of inventories recognised as an expense	**935,241**	1,034,286
Depreciation of property, plant and equipment	**54,758**	54,897
Impairment loss recognised on trade receivables	**1,410**	17,220
Operating lease rentals in respect of rented premises	**120**	469
and after crediting:		
Gross rental income from investment properties	**1,421**	1,034
Less: Direct operating expenses that generated rental income	**(59)**	(82)
	1,362	952
Recovery of other receivables that were previously impaired in prior year *(note a)*	**1,797**	52
Government grants *(note b)*	**992**	628
Bank interest income	**943**	389
Other interest income	**88**	–
Interest income from loans to non-controlling shareholders of subsidiaries	**–**	217
Reversal of allowance for inventories obsolescence *(note c)*	**563**	4,813

Notes:

a. Reversal of impairment loss on other receivables has been recognised in both years due to recovery and subsequent receipt of the relevant other receivables.

b. The amounts mainly represent the incentives granted by the relevant PRC government authorities to the Group for recognition of establishment of the environmental reborn resources and recycling business in Zhongshan City and the establishment of environmental friendly manufacturing factories by making use of public electricity instead of self-generated electricity during the manufacturing process.

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

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) for the purposes of calculating basic and diluted earnings (loss) per share (profit (loss) for the year attributable to owners of the Company)	**10,956**	(34,785)

	2012	2011
Number of shares		
Number of ordinary shares for the purposes of basic earnings (loss) per share	**676,417,401**	676,417,401
Effect of dilutive potential ordinary shares	**4,065,239**	–
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	**680,482,640**	676,417,401

The calculation of diluted loss per share for the year ended 31 December 2011 had not taken into consideration the assumed exercise of the Company's outstanding share options as it would reduce the loss per share.

9. TRADE AND OTHER RECEIVABLES

The following is an aging analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**88,027**	100,072
31 – 60 days	**55,368**	56,097
61 – 90 days	**33,512**	29,631
91 – 180 days	**33,454**	25,731
Over 180 days	**27,630**	18,743
Trade receivables, net of allowance for doubtful debts	**237,991**	230,274
Other receivables	**37,795**	37,879
Prepaid lease payments	**2,487**	2,471
Loans to a third party (previously non-controlling shareholders of a subsidiary in 2011)	**4,172**	4,632
Total trade and other receivables	**282,445**	275,256

The Group allows an average credit periods of 180 days, depending on the products sold, to its trade customers. Trade and other receivables are unsecured and interest-free.

Before accepting any new customers, the Group will internally assess the potential customers' credit quality and defines appropriate credit limits by customer. The management closely monitors the credit quality and follow-up action is taken if overdue debts are noted. Limits attributed to customers are reviewed every year. All of the trade receivables that are neither past due nor impaired are considered to be of good credit quality with satisfactory settlement history.

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

	2012	2011
	HK$'000	*HK$'000*
USD	**51,066**	66,433

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$96,365,000 (2011: HK$69,784,000) which are past due at the reporting date for which the Group had not provided for impairment loss as these receivables are either subsequently settled or due from certain major customers with no history of default and have strong financial background and good creditability. The Group does not hold any collateral over these balances.

Aging of trade receivables based on the invoice date which are past due but not impaired

	2012	2011
	HK$'000	*HK$'000*
31 – 60 days	**8,812**	4,104
61 – 90 days	**26,737**	22,858
91 – 180 days	**33,186**	24,079
Over 180 days	**27,630**	18,743
	96,365	69,784

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 debts recognised for 2011 and 2012 are based on estimated irrecoverable amounts by reference to financial background, creditability of individual customers, past default experience, subsequent settlement and payment history of the customers. Full provision has been made for individual trade receivables aged over one year with no subsequent settlement as historical evidence shows that such receivables are generally not recoverable, or individual trade receivables which has either been placed under liquidation or in severe financial difficulties.

Movement in the allowance for doubtful debts

	2012	2011
	HK$'000	*HK$'000*
1 January	**54,462**	35,206
Currency realignment	**406**	2,036
Impairment losses recognised on trade receivables	**1,410**	17,220
31 December	**56,278**	54,462

During the year ended 31 December 2011, the Group granted loans of RMB3,752,000 (equivalent to HK$4,632,000) to the non-controlling shareholders of a subsidiary to support their capital injection to the subsidiaries. During the year ended 31 December 2012, the Group lost control over South China Reborn Cotton Yarn (Wuzhou) Company Limited. As at 31 December 2012, the outstanding loans were amounted to RMB3,354,000 (equivalent to HK$4,172,000). As at 31 December 2012 and 2011, the amounts were unsecured, interest bearing at prevailing market borrowing rates and repayable within one year. The amounts which are denominated in currencies other than the functional currencies of the relevant group companies are set out below:

	2012	2011
	HK$'000	*HK$'000*
Renminbi	**1,359**	1,266

10. TRADE AND OTHER PAYABLES

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**43,721**	42,688
31 – 60 days	**40,401**	35,550
61 – 90 days	**12,253**	14,447
Over 90 days	**20,217**	38,993
Total trade payables	**116,592**	131,678
Other payables	**71,844**	76,466
Total trade and other payables	**188,436**	208,144

The following is an analysis of the Group's other payables at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Accrued expenses	**8,280**	13,150
Receipt in advance	**40,765**	38,500
Wages and bonus payable	**12,553**	12,662
Payable on acquisition of property, plant and equipment	**464**	662
Payable on acquisition of land use rights	**2,133**	2,763
Value-added tax payables	**1,454**	2,172
Property tax and other tax payables	**3,265**	3,123
Others	**2,930**	3,434
	71,844	76,466

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:

	2012	2011
	HK$'000	*HK$'000*
USD	**24,355**	27,882

FINAL DIVIDEND

The directors resolved not to recommend the payment of final dividend for the year ended 31 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

- The Group recorded a turnover of HK$1,074,970,000 for the year ended 31 December 2012, representing a decrease of 4.8% as compared to the same period last year.

- Gross profit and gross profit margin of the Group recorded were HK$140,292,000 and 13.1%, representing an increase of HK$40,710,000 and an increase of 4.3% respectively as compared to the same period last year.

- Profit for the year was HK$10,733,000, as compared to a loss of HK$36,553,000 for the same period last year.

- Basic profit per share was 1.62 HK cents, as compared to loss per share of 5.14 HK cents for the same period last year.

BUSINESS REVIEW

For the year ended 31 December 2012, the Group recorded a consolidated turnover of HK$1,074,970,000, representing a decrease of 4.8% from HK$1,129,055,000 last year. Gross profit and gross profit margin were HK$140,292,000 and 13.1% respectively. Profit for the year was HK$10,733,000.

In these days, there are uncertainties clouded with the global economy including the unsettling debt crisis of certain European countries and the staggering retail market of the United States. These factors had all caused immense blows to the export business of PRC manufacturers. In addition, the continuous inflation of PRC has caused an increase of the production and operation costs of the manufacturing business. To cope with these uncertainties of the global economy and increased production cost, the Group had strived hard to control the operation cost and adopted flexible purchasing strategy and eventually the Group could still maintain profit in the operation.

For household products, the uncertainties of the global economy did not affect seriously to its export business as the Group has strong clientele base and good reputation and the household business still maintained marginal profit as the Group was benefitted from the steady plastic raw material prices and its effective control of production cost.

For the PVC pipes and fittings, as the property market of PRC had gradually recovered and there is no fluctuation of the plastic raw material prices, the business was steady and had brought return to the Group.

During the year under review, the turnover of property investment amounted to HK$1,421,000, representing an increase of 37.4% from HK$1,034,000 of the same period last year. Gain arising from fair value changes of investment properties was HK$2,560,000.

PROSPECTS

Looking to the future, the year of 2013 will be a challenging year. The Group however still adopts a positive approach. Given its strong basis and good reputation built up from the past years, it continues to maximize its strength and adopt flexible strategy to cope with the fast changing situation. The Group is still optimistic to the business of household products and PVC pipes and fittings.

For the waste recycling and manufacturing business, the production line for food waste recycling developed by the Group's wholly owned subsidiary South China Reborn Resources (Zhongshan) Company Limited ("South China (Zhongshan)") in its factory at Zhongshan has achieved significant progress in the system optimisation, products testing and quality enhancement, and will be ready for sale of its products in the market. Besides, South China (Zhongshan) has successfully awarded the lease of a site through a public tender in Ecopark Phase 2, Tuen Mun, Hong Kong by the Environmental Protection Department of the Government of Hong Kong Special Administrative Region for the development of food waste recycling projects. The land has been handed over to the Group on 2 January 2013 and is now in the construction phase and applying for the permits for the operation. It is expected that all construction works will be completed and operation will be commenced by early 2014. By then, it is expected that the said waste recycling business may bring good prospects and return to 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 2012, the Group had bank balances and cash and pledged bank deposits of approximately HK$114,069,000 (31.12.2011: HK$104,820,000) and had interest-bearing bank borrowings of approximately HK$190,952,000 (31.12.2011: HK$187,851,000). 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 2012 amounted to HK$455,083,000; of which HK$190,952,000 of the banking facilities was utilised (utilisation rate was at 42%).

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 2012, the Group had current assets of approximately HK$625,970,000 (31.12.2011: HK$613,038,000). The Group's current ratio was approximately 1.6 as at 31 December 2012 as compared with approximately 1.4 as at 31 December 2011. Total shareholders' funds of the Group as at 31 December 2012 increase by 2.5% to HK$978,821,000 (31.12.2011: HK$954,932,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2012 was 0.46 (31.12.2011: 0.49).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments and bank deposits with an aggregate net book value of HK$177,662,000 (31.12.2011: HK$293,791,000) were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 31 December 2012, the Group employed a total workforce of about 2,299 (31.12.2011: 2,513) including 2,254 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$138,445,000 (31.12.2011: HK$141,181,000). 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 2012, 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 11 June 2013 to 19 June 2013 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 19 June 2013, 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 4:30 p.m. on 10 June 2013.

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 2012.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 throughout the year ended 31 December 2012.

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 ANNUAL REPORT

The 2012 Annual 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 Exchange 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, 21 March 2013

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, Madam Chan Lai Kuen Anita and Mr. Lee Kwok Sing Stanley; the non-executive directors of the Company are Mr. Cheung Tze Man Edward and Mr. Wong Woon Chung Jonathan; the independent non-executive directors of the Company are Mr. Tsui Chi Him Steve, Mr. Ho Tak Kay, Mr. Hui Chi Kuen Thomas and Mr. Shang Sze Ming.