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 2013

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 2013 together with the comparative figures for the corresponding period in 2012:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	**1.1.2013 to 30.6.2013** ***HK$'000*** **(Unaudited)**	1.1.2012 to 30.6.2012 *HK$'000* (Unaudited)
Turnover		**447,999**	506,071
Cost of sales		**(402,236)**	(445,666)
Gross profit		**45,763**	60,405
Other income		**4,973**	4,594
Other gains and losses	*4*	**(3,407)**	9,986
Selling and distribution costs		**(9,806)**	(7,522)
Administrative expenses		**(55,516)**	(54,948)
Finance costs	*5*	**(5,562)**	(4,427)
(Loss) profit before taxation		**(23,555)**	8,088
Taxation	*6*	**(2,298)**	(3,345)
(Loss) profit for the period	*7*	**(25,853)**	4,743
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**19,488**	(12,958)
Reclassification of cumulative translation reserve upon disposal of a subsidiary to profit or loss		**–**	(30)
		19,488	(12,988)
Total comprehensive expense for the period		**(6,365)**	(8,245)
(Loss) profit for the period attributable to:			
Owners of the Company		**(25,851)**	4,964
Non-controlling interests		**(2)**	(221)
		(25,853)	4,743
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(6,363)**	(8,010)
Non-controlling interests		**(2)**	(235)
		(6,365)	(8,245)
(Loss) earnings per share			
Basic	*9*	**HK(3.82) cents**	HK0.73 cent
Diluted		**HK(3.82) cents**	HK0.73 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	**30.6.2013** *HK$'000* **(Unaudited)**	31.12.2012 *HK$'000* (Audited)
Non-current assets			
Investment properties		**28,590**	26,650
Property, plant and equipment		**657,193**	654,905
Prepaid lease payments		**84,625**	84,558
Deposits paid for acquisition of property, plant and equipment		**15,390**	13,899
Intangible assets		**1,247**	1,442
Long-term prepayment		**21,500**	21,500
		808,545	802,954
Current assets			
Inventories		**246,907**	228,897
Trade and other receivables	*10*	**297,674**	282,445
Taxation recoverable		**559**	559
Pledged bank deposits		**6,550**	29,364
Bank balances and cash		**85,751**	84,705
		637,441	625,970
Current liabilities			
Trade and other payables	*11*	**171,568**	188,436
Amounts due to directors		**21,982**	22,252
Taxation payable		**2,211**	6,319
Bank borrowings – amount due within one year		**214,263**	166,823
		410,024	383,830
Net current assets		**227,417**	242,140
Total assets less current liabilities		**1,035,962**	1,045,094
Non-current liabilities			
Bank borrowings – amount due after one year		**20,607**	24,149
Deferred taxation liabilities		**4,973**	4,831
Deposit received		**37,926**	37,313
		63,506	66,273
		972,456	978,821
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**904,831**	911,194
Equity attributable to owners of the Company		**972,473**	978,836
Non-controlling interests		**(17)**	(15)
		972,456	978,821

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as 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").

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interest in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Amendments to HKAS 1	Presentation of items of other comprehensive income
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 28 (as revised in 2011)	Investments in associated and joint ventures
HK (IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The directors of the Company reviewed and assessed the application of this standard in the current interim period and concluded that it 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.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for 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 and an income statement is renamed as a statement of profit or loss. 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 additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

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

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 2013 (unaudited)

	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	**186,126**	**260,923**	**–**	**–**	**447,049**
Inter-segment sales	**311**	**388**	**–**	**(699)**	**–**
Rental income	**–**	**–**	**950**	**–**	**950**
Total segment revenue	**186,437**	**261,311**	**950**	**(699)**	**447,999**
Segment (loss) profit	**(16,952)**	**5,930**	**2,858**	**–**	**(8,164)**
Interest income					**718**
Unallocated corporate expenses					**(10,547)**
Finance costs					**(5,562)**
Loss before taxation					**(23,555)**

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

Six months ended 30 June 2012 (unaudited)

	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	218,180	287,491	–	–	505,671
Inter-segment sales	223	179	–	(402)	–
Rental income	–	–	400	–	400
Total segment revenue	218,403	287,670	400	(402)	506,071
Segment profit	6,904	7,823	1,460	–	16,187
Gain arising from changes in fair value of derivative financial instruments					3,968
Gain on disposal of a subsidiary					1,424
Interest income					228
Unallocated corporate expenses					(9,292)
Finance costs					(4,427)
Profit before taxation					8,088

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

Segment (loss) profit represents the (loss) profit suffered/earned by each segment without allocation of certain administration costs, interest income, gain on disposal of a subsidiary, gain arising from changes in fair value of derivative financial instruments and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	1.1.2013 to 30.6.2013	1.1.2012 to 30.6.2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain arising from changes in fair value of investment properties	**1,940**	1,300
Gain arising from changes in fair value of derivative financial instruments	**–**	3,968
Loss on disposal of property, plant and equipment	**(463)**	(506)
Gain on disposal of a subsidiary	**–**	1,424
Net foreign exchange (loss) gain	**(4,884)**	3,800
	(3,407)	9,986

5. FINANCE COSTS

	1.1.2013 to 30.6.2013	1.1.2012 to 30.6.2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings wholly repayable within five years	**5,562**	4,427

6. TAXATION

	1.1.2013 to 30.6.2013 *HK$'000* **(Unaudited)**	1.1.2012 to 30.6.2012 *HK$'000* (Unaudited)
Hong Kong Profits Tax	**1**	–
PRC Enterprise Income Tax ("EIT")	**2,224**	2,786
	2,225	2,786
Deferred taxation charge	**73**	559
Tax charge	**2,298**	3,345

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. The PRC EIT 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 25% for both periods under review.

Pursuant to the relevant laws and regulations in the PRC, none (2012: four) of the Company's PRC subsidiaries are entitled to a 50% relief on applicable domestic tax rate from PRC EIT for the six months ended 30 June 2013 under the EIT Law.

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$87,928,000 (for six months ended 30 June 2012: HK$63,589,000) 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. (LOSS) PROFIT FOR THE PERIOD

	1.1.2013 to 30.6.2013	1.1.2012 to 30.6.2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	**219**	214
Amortisation of prepaid lease payments	**1,264**	1,241
Depreciation of property, plant and equipment	**26,399**	26,877
Impairment loss recognised on trade receivables	**2,389**	4,465
and after crediting:		
Gross rental income from investment properties	**950**	400
Less: Direct operating expenses that generated rental income	**(110)**	(239)
	840	161
Interest income	**718**	228

8. DIVIDENDS

No final dividends in respect of the years ended 31 December 2012 and 31 December 2011 were paid, declared or proposed during the current or prior interim period. The directors have determined that no dividend will be paid in respect of the current interim period (for six months ended 30 June 2012: nil).

9. (LOSS) EARNINGS PER SHARE

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

	1.1.2013 to 30.6.2013	1.1.2012 to 30.6.2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) earnings for the purposes of calculating basic and diluted (loss) earnings per share ((loss) profit for the period attributable to owners of the Company)	**(25,851)**	4,964

	1.1.2013 to 30.6.2013	1.1.2012 to 30.6.2012
	HK$'000	*HK$'000*
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	**676,417,401**	676,417,401
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company to directors of the Company and employees of the Group	**–**	1,418,848
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	**676,417,401**	677,836,249

The diluted loss per share for the period ended 30 June 2013 has not taken into account the effect of outstanding share options as their exercise would result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

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

The following is an aged analysis of the Group's trade receivables presented based on the invoice date, which approximated the revenue recognition date, net of allowance for doubtful debts, at the end of the reporting period:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**75,537**	88,027
31 – 60 days	**69,848**	55,368
61 – 90 days	**33,602**	33,512
91 – 180 days	**38,240**	33,454
Over 180 days	**34,799**	27,630
Trade receivables, net of allowance of doubtful debts	**252,026**	237,991
Prepayment for raw materials, deposits and other receivables	**43,123**	37,795
Prepaid lease payments	**2,525**	2,487
Loans to a third party	**–**	4,172
Total trade and other receivables	**297,674**	282,445

11. 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:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**42,430**	43,721
31 – 60 days	**23,837**	40,401
61 – 90 days	**12,698**	12,253
Over 90 days	**12,720**	20,217
Total trade payables	**91,685**	116,592
Other payables	**79,883**	71,844
Total trade and other payables	**171,568**	188,436

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 2013. 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$447,999,000 for the six months ended 30 June 2013, representing a decrease of 11.5% or HK$58,072,000 as compared to HK$506,071,000 of the same period last year.

- Gross profit of the Group was HK$45,763,000, representing a decrease of 24.2% or HK$14,642,000 as compared to HK$60,405,000 of the same period last year. The gross profit margin was 10.2%, representing a decrease of 1.7% as compared to 11.9% of the same period last year.

- Loss attributable to the owners of the Company for the period was HK$25,851,000, as compared to a profit of HK$4,964,000 for the same period last year.

- Basic loss per share was HK3.82 cents, as compared to basic earnings per share of HK0.73 cent of the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2013.

BUSINESS REVIEW

Due to the slow recovery of the global economy and the severe market competition, there was a drop of turnover of our Group. In addition, the constant increase in minimum pay, social security fee and various government fees had all lifted production costs of the Group. The overall results of the Group for the period under review were therefore not satisfactory.

For the period under review, as the appreciation of PRC currency, the increased cost of production and the sluggish overseas markets had all caused the decrease in sale orders hence dropped business turnover, the Group had recorded deficit in the business of household products.

For PVC pipes and fitting business, as the recovery of the PRC property market was still slow, the business turnover had also dropped.

During the period under review, the gain arising from changes in fair value of investment property was HK$1,940,000.

PROSPECTS

Looking into future, our Group had positively strived to improve the business strategy in the traditional business of household products and PVC pipes and fitting business. The Group will focus on the environmental recycling and manufacturing business in future.

The new project in Phase II of EcoPark, Tuen Mun, New Territories, Hong Kong, regarding food waste recycling and manufacturing business of our Group's wholly owned subsidiary – South China Reborn Resources (Zhongshan) Co. Ltd. ("South China (Zhongshan)"), is in the stage of constructing the plant. It is expected that the production will commence in early 2014 and the Group has full confidence in this project. On the other hand the trial basis production of food waste recycling and manufacturing business of South China (Zhongshan) in Zhongshan factory had successfully produced high quality products and the prospect is bright.

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 2013, the Group had bank balances and cash and pledged bank deposits of approximately HK$92,301,000 (31.12.2012: HK$114,069,000) and had interest-bearing bank borrowings of approximately HK$234,870,000 (31.12.2012: HK190,972,000). 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 2013 amounted to HK$459,996,000; of which HK$234,870,000 of the banking facilities was utilised (utilisation rate was at 51.1%).

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 30 June 2013, the Group had current assets of approximately HK$637,441,000 (31.12.2012: HK$625,970,000). The Group's current ratio was approximately 1.6 as at 30 June 2013 as compared with approximately 1.6 as at 31 December 2012. Total shareholders' funds of the Group as at 30 June 2013 decreased by 0.7% to HK$972,456,000 (31.12.2012: HK$978,821,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2013 was 0.49 (31.12.2012: 0.46).

CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments and bank deposits with an aggregate net book value of HK$153,997,000 (31.12.2012: HK$177,662,000) were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2013, the Group employed a total workforce of about 2,186 (30.6.2012: 2,372) including 2,141 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$64,003,000 (30.6.2012: HK$53,574,000). It is the Group's policy to review its employees' 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 2013, 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 2013. 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 2013.

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 2013 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, 20 August 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. Hui Chi Kuen Thomas, Mr. Ho Tak Kay and Mr. Shang Sze Ming.