



世界（集團）有限公司

World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

2003 INTERIM REPORT



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 2003 together with the comparative figures for the corresponding period in 2002:

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Six Months Ended 30 June 2003

		1.1.2003	1.1.2002
		to	to
		30.6.2003	30.6.2002
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover		342,724	330,924
Cost of sales		(282,116)	(262,816)
Gross profit		60,608	68,108
Other operating income		3,050	2,753
Distribution costs		(3,951)	(5,127)
Administrative expenses		(35,075)	(36,560)
Deficit arising on revaluation of investment properties		(680)	—
Profit from operations		23,952	29,174
Finance costs	4	(1,703)	(2,770)
Profit before taxation	5	22,249	26,404
Taxation	6	(1,981)	(2,511)
Profit for the period		20,268	23,893
Dividend	7	3,382	3,382
Earnings per share	8		
Basic		3.0 cents	3.5 cents
Diluted		3.0 cents	N/A





CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2003

	Notes	30.6.2003 HK\$'000 (Unaudited)	31.12.2002 HK\$'000 (Audited)
Non-current assets			
Investment properties	9	14,520	15,200
Property, plant and equipment	10	671,212	662,179
Deposits paid for acquisition of property, plant and equipment		12,662	4,304
		<u>698,394</u>	<u>681,683</u>
Current assets			
Inventories		165,276	115,354
Debtors, deposits and prepayments	11	192,105	136,080
Trading securities	12	3,491	5,027
Taxation recoverable		1,004	1,004
Bank balances and cash		48,353	54,001
		<u>410,229</u>	<u>311,466</u>
Current liabilities			
Creditors and accrued charges	13	157,456	116,143
Taxation payable		148	963
Bank borrowings — amount due within one year	14	161,323	100,240
		<u>318,927</u>	<u>217,346</u>
Net current assets		<u>91,302</u>	<u>94,120</u>
		<u>789,696</u>	<u>775,803</u>
Non-current liabilities			
Bank borrowings — amount due after one year		18,502	22,857
Deferred taxation liabilities		5,773	4,411
		<u>24,275</u>	<u>27,268</u>
		<u>765,421</u>	<u>748,535</u>
Capital and reserves			
Share capital	15	67,642	67,642
Reserves		697,779	680,893
		<u>765,421</u>	<u>748,535</u>





CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 June 2003

	Reserves							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Non-				Sub- total HK\$'000	
			distributable reserve HK\$'000	Translation reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000		
Balance at 31 December 2001	67,642	313,127	188,354	291	3,382	134,087	639,241	706,883
Exchange differences arising from translation of overseas operations and net gains not recognised in the consolidated income statement	—	—	—	6,268	—	—	6,268	6,268
Profit for the six months ended 30 June 2002	—	—	—	—	—	23,893	23,893	23,893
2001 final dividend paid in cash	—	—	—	—	(3,382)	—	(3,382)	(3,382)
2002 interim dividend proposed	—	—	—	—	3,382	(3,382)	—	—
Balance at 30 June 2002	67,642	313,127	188,354	6,559	3,382	154,598	666,020	733,662
Exchange differences arising from translation of overseas operations and net gains not recognised in the consolidated income statement	—	—	—	120	—	—	120	120
Profit for the six months ended 31 December 2002	—	—	—	—	—	18,135	18,135	18,135
2002 interim dividend paid in cash	—	—	—	—	(3,382)	—	(3,382)	(3,382)
2002 final dividend proposed	—	—	—	—	3,382	(3,382)	—	—
Balance at 31 December 2002	67,642	313,127	188,354	6,679	3,382	169,351	680,893	748,535
Profit for the six months ended 30 June 2003	—	—	—	—	—	20,268	20,268	20,268
2002 final dividend paid in cash	—	—	—	—	(3,382)	—	(3,382)	(3,382)
2003 interim dividend proposed	—	—	—	—	3,382	(3,382)	—	—
Balance at 30 June 2003	67,642	313,127	188,354	6,679	3,382	186,237	697,779	765,421

The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries.





CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For The Six Months Ended 30 June 2003

	1.1.2003 to 30.6.2003 HK\$'000 (Unaudited)	1.1.2002 to 30.6.2002 HK\$'000 (Unaudited)
Net cash (outflow) inflow from operating activities	(18,643)	28,333
Net cash outflow from investing activities	(40,351)	(37,106)
Net cash inflow (outflow) from financing activities	46,571	(13,625)
	<hr/>	<hr/>
Decrease in cash and cash equivalents	(12,423)	(22,398)
Cash and cash equivalents at the beginning of the period	41,739	51,057
Effect of foreign exchange rate changes	—	446
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	29,316	29,105
	<hr/>	<hr/>
Analysis of the balances of cash and cash equivalent		
Bank balances and cash	48,353	52,861
Bank overdrafts	(19,037)	(23,756)
	<hr/>	<hr/>
	29,316	29,105
	<hr/>	<hr/>





NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For The Six Months Ended 30 June 2003

1. BASIS OF PREPARATION

The condensed 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 and with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

2. ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and trading securities.

The interim financial report has been prepared in accordance with SSAP 25 "Interim financial reporting" issued by the HKSA.

In the current period, the Company has adopted, for the first time, SSAP 12 (Revised) "Accounting for income taxes" ("SSAP 12 (Revised)") issued by the HKSA. SSAP 12 (Revised) has introduced a new basis of accounting for income taxes (including both current tax and deferred tax). The adoption of SSAP 12 (Revised) has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustments has been required.

Other than the above, the accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2002.





3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

Six Months Ended 30 June 2003

	Household products <i>HK\$'000</i>	PVC pipes and fittings <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue				
External sales	199,078	143,646	—	342,724
Inter-segment sales	40,668	1,107	(41,775)	—
Total	<u>239,746</u>	<u>144,753</u>	<u>(41,775)</u>	<u>342,724</u>
Result				
Segment result	13,318	13,560		26,878
Unallocated corporate expenses				<u>(2,926)</u>
Profit from operations				23,952
Finance costs				<u>(1,703)</u>
Profit before taxation				22,249
Taxation				<u>(1,981)</u>
Profit for the period				<u>20,268</u>

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

Six Months Ended 30 June 2002

	Household products <i>HK\$'000</i>	PVC pipes and fittings <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue				
External sales	231,709	99,215	—	330,924
Inter-segment sales	48,558	9,093	(57,651)	—
Total	<u>280,267</u>	<u>108,308</u>	<u>(57,651)</u>	<u>330,924</u>
Result				
Segment result	20,309	11,626		31,935
Unallocated corporate expenses				<u>(2,761)</u>
Profit from operations				29,174
Finance costs				<u>(2,770)</u>
Profit before taxation				26,404
Taxation				<u>(2,511)</u>
Profit for the period				<u>23,893</u>

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





Geographical segments

Substantially all of the sales of the Group's PVC pipes and fittings were made to customers in the People's Republic of China (the "PRC"), including Hong Kong. An analysis of the Group's sales of household products by geographical market is as follows:

	Turnover	
	1.1.2003	1.1.2002
	to	to
	30.6.2003	30.6.2002
	HK\$'000	HK\$'000
United States of America	146,259	152,092
Asia	28,500	51,710
Europe	9,198	6,884
Canada	7,695	11,924
Latin America	6,053	7,476
Australia	909	1,050
Other areas	464	573
	<hr/>	<hr/>
Total sales of household products	199,078	231,709
	<hr/>	<hr/>
4. FINANCE COSTS		
	1.1.2003	1.1.2002
	to	to
	30.6.2003	30.6.2002
	HK\$'000	HK\$'000
Interest on bank borrowings	(1,703)	(2,802)
Less: Amount capitalised in buildings under construction	—	32
	<hr/>	<hr/>
	(1,703)	(2,770)
	<hr/>	<hr/>
5. PROFIT BEFORE TAXATION		
	1.1.2003	1.1.2002
	to	to
	30.6.2003	30.6.2002
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation	22,960	22,859
Unrealised holding loss on trading securities	—	212
and after crediting:		
Dividend income from trading securities	162	80
Interest income	292	183
Realised gain on disposal of trading securities	525	—
Rental income	466	494
Unrealised holding gain on trading securities	14	—
	<hr/>	<hr/>



**6. TAXATION**

	1.1.2003 to 30.6.2003 <i>HK\$'000</i>	1.1.2002 to 30.6.2002 <i>HK\$'000</i>
Current tax outside Hong Kong	(619)	(1,657)
Deferred taxation charge	<u>(1,362)</u>	<u>(854)</u>
	<u>(1,981)</u>	<u>(2,511)</u>

No provision for Hong Kong Profits Tax is made in the financial statements as the Group has no assessable profit for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant tax jurisdictions.

7. DIVIDEND

During the six months ended 30 June 2003, a final dividend of 0.5 cent per share in respect of the year ended 31 December 2002 was approved at the annual general meeting held on 27 May 2003 and subsequently paid to the shareholders during the current period.

On 17 September 2003, the directors resolved to declare an interim dividend of 0.5 cent per share in respect of the six months ended 30 June 2003 (1.1.2002 to 30.6.2002: 0.5 cent per share) should be paid to those shareholders whose names appear on the Company's register of members on 16 October 2003.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	1.1.2003 to 30.6.2003 <i>HK\$'000</i>	1.1.2002 to 30.6.2002 <i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share	<u>20,268</u>	<u>23,893</u>
	1.1.2003 to 30.6.2003	1.1.2002 to 30.6.2002
Weighted average number of shares for the purpose of calculating basic earnings per share	<u>676,417,401</u>	<u>676,417,401</u>
Potential dilutive shares issuable under share options	<u>27,163</u>	
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>676,444,564</u>	





9. INVESTMENT PROPERTIES

The Group's investment properties were valued as at 30 June 2003 on an open market value basis by Knight Frank, an independent firm of professional property valuers. The deficit arising on valuation of HK\$680,000 is charged to the income statement.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment totalled approximately HK\$31,993,000.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

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

The following is an aged analysis of the Group's trade receivables at the report date:

	30.6.2003 HK\$'000	31.12.2002 HK\$'000
Invoice date		
0 — 30 days	61,260	46,899
31 — 60 days	27,532	19,185
61 — 90 days	16,214	11,092
Over 90 days	22,504	19,054
	<hr/>	<hr/>
Total trade receivables	127,510	96,230
Other debtors, deposits and prepayments	64,595	39,850
	<hr/>	<hr/>
Total debtors, deposits and prepayments	192,105	136,080
	<hr/>	<hr/>

12. TRADING SECURITIES

Trading securities comprise equity shares listed on The Stock Exchange of Hong Kong Limited and are carried at market value at the balance sheet date.

During the period, the Group disposed of trading securities with a carrying amount of HK\$1,550,000 for proceeds of HK\$2,075,000, resulting in a gain on disposal of HK\$525,000.

The change in valuation of HK\$14,000 of the remaining shares represents an unrealised holding gain due to the increase in the market value of the shares held.



**13. CREDITORS AND ACCRUED CHARGES**

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

	30.6.2003 <i>HK\$'000</i>	31.12.2002 <i>HK\$'000</i>
0 — 30 days	51,152	29,655
31 — 60 days	31,772	19,280
61 — 90 days	28,074	19,083
Over 90 days	21,737	14,753
Total trade payables	<u>132,735</u>	<u>82,771</u>
Other creditors and accrued charges	<u>24,721</u>	<u>33,372</u>
Total creditors and accrued charges	<u>157,456</u>	<u>116,143</u>

14. BANK BORROWINGS — AMOUNT DUE WITHIN ONE YEAR

During the period, the Group raised new short term loans of approximately HK\$46,440,000 to finance the general working capital of the Group.

15. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Issued and fully paid share capital <i>HK\$'000</i>
At 31 December 2002 and 30 June 2003	<u>676,417,401</u>	<u>67,642</u>

The authorised share capital of the Company is HK\$150 million, comprising 1,500,000,000 shares of HK\$0.10 each. There were no changes in the share capital during the period.

16. CAPITAL COMMITMENTS

	30.6.2003 <i>HK\$'000</i>	31.12.2002 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the financial statements in respect of		
— leasehold land and buildings	15,580	19,962
— plant and equipment	8,954	4,890
— investment in a joint venture	390	388
	<u>24,924</u>	<u>25,240</u>
Capital expenditure authorised but not contracted for in respect of the acquisition of plant and machinery	<u>167,678</u>	<u>19,674</u>

17. CONTINGENT LIABILITIES

	30.6.2003 <i>HK\$'000</i>	31.12.2002 <i>HK\$'000</i>
Bills discounted with recourse	<u>6,598</u>	<u>5,290</u>





德勤 • 關黃陳方會計師行

Certified Public Accountants

26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

執業會計師

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF WORLD HOUSEWARE (HOLDINGS) LIMITED

世界(集團)有限公司

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have been instructed by World Houseware (Holdings) Limited (the “Company”) to review the interim financial report set out on pages 1 to 10.

DIRECTORS’ RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards No. 700 “Engagements to review interim financial reports” issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2003.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 17 September 2003





INTERIM DIVIDEND

The directors have resolved to declare an interim dividend of 0.5 cent per share in respect of the six months ended 30 June 2003 payable to shareholders (30.6.2002: 0.5 cent per share) whose names appear on the Company's register of members on 16 October 2003.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 October 2003 to 16 October 2003, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the above interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrars in Hong Kong, Secretaries Limited of G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 10 October 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

- The Group recorded a turnover of HK\$342,724,000 for the six months ended 30 June 2003, representing an increase of 3.6% as compared to the same period last year.
- Gross profit and gross profit margin of the Group recorded of HK\$60,608,000 and 17.7%, representing a decrease of HK\$7,500,000 and 2.9% respectively as compared to the same period last year.
- Profit for the period attributable to shareholders was HK\$20,268,000, representing a decrease of 15.2% as compared to the same period last year.
- Basic earnings per share was 3.0 cents, representing a decrease of 14.3% as compared to the same period last year.
- The Board of Directors proposed an interim dividend of 0.5 cent per share.





OPERATIONS AND FINANCIAL REVIEW

Following the China's accession to the World Trade Organization and continued to sustain a growth in demand of construction-related materials for basic infrastructure and construction of property, the Group recorded a turnover of PVC pipes and fittings of HK\$143,646,000, representing an increase of 44.8% compared with last year (30.6.2002: HK\$ 99,215,000).

The outbreak of Severe Acute Respiratory Syndrome ("SARS") in Hong Kong and Guangdong province areas had affected the customers placing orders time frame and schedule. Eventually, the delivery time and shipment date were deferred and the respective sales were accounted for in the second half of year 2003. In consequence, the turnover of household products recorded of HK\$199,078,000, representing a decrease of 14.1% compared with last year (30.6.2002: HK\$231,709,000).

On geographical basis, Asia and United States of America remained the dominant markets to the Group, which accounted for 50.2 % and 42.7 % of the Group's turnover respectively.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group's generally finances its operations with internal generated cash flows, term loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 30 June 2003, the Group had bank balances and cash of approximately HK\$48,353,000 (31.12.2002: HK\$54,001,000) and had interest-bearing bank borrowings of approximately HK\$179,825,000 (31.12.2002: HK\$123,097,000).

The Group's total banking facilities available as at 30 June 2003 amounted to HK\$527,790,000; of which HK\$205,350,000 of the banking facilities was utilized (utilization rate was at 38.9%).

The Group conducts its business transactions principally in Hong Kong Dollars, US Dollars and Renminbi, it is normally unnecessary to make use of financial instruments for hedging purposes.





At 30 June 2003, the Group had current assets of approximately HK\$410,229,000 (31.12.2002: HK\$311,466,000). The Group's current ratio was approximately 1.3 as at 30 June 2003 as compared with approximately 1.4 as at 31 December 2002. Total shareholders' funds of the Group as at 30 June 2003 increased by 2.3% to HK\$765,421,000 (31.12.2002: HK\$748,535,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2003 was 0.45 (31.12.2002: 0.33).

REVIEW AND PROSPECTS

During the first half of the year in 2003, the Group faced a challenging environment resulting from the US-Iraq War and the subsequent SARS outbreak. During the period under review, the Group recorded an increase in total sales of 3.6% from HK\$330,924,000 of the corresponding period last year to HK\$342,724,000. The unaudited operating profit declined by 17.9% to HK\$23,952,000, as compared to HK\$29,174,000 in the same period last year. The Group's principal operating activities — PVC and fabric household products, PVC pipes and fittings as well as building materials products, suffered from decline orders placed by overseas customers and the surge in international oil prices that led to a sharp rise of the price of PVC raw materials. The rise in the price of the Group's principal products could not keep pace with the rise in the price of PVC raw materials and posed the Group's products margin under pressure. All of these adverse impacts have made the operating environment increasingly difficult. In view of these adverse impacts, the Group's development plan was also impeded seriously.

During the SARS outbreak period, the construction work of the production and machineries installation of the Group's wholly-owned subsidiaries located in Wangzhuang Town, Changshu City in Jiangsu Province, Nam Sok Houseware Producing (Changshu) Co., Ltd. and Nam Sok Building Material & Plastic Products (Changshu) Co., Ltd., was inevitably forced to halt due to lack of manpower following the PRC Government's policy to curb the mobility of population for infection control. As a result, the Group's development plan was therefore seriously affected and the completion of the Phase I production and machineries installation was extended from June 2003 to after October 2003. In view of the US-Iraq War and the sudden SARS outbreak, the Board had to revise and fine-tune its investment strategies so as to cope with the realistic environment, and to take a prudent approach in making capital contribution in order to maximize its investment returns.





As the US-Iraq war has come to an end quickly and the SARS outbreak contained within a relatively short time through the efforts of different sectors, the Board believes that everything has started to come under control since June 2003. Leveraging on the Group's solid business foundation, sufficient financial capabilities, well-established trading reputation, extensive coverage in the PRC and overseas markets and the hard working management and staff, the Group has since recorded improvement in its operating results. As the price of PVC raw materials stabilizes gradually, and the robust growth of the infrastructure of public facilities such as housing and roads continues in the PRC, the demand of PVC pipes and fittings as well as construction materials will increase notably. It is expected that the production plant under construction in Jiangsu Province will commence its production after the completion of the construction work in the production and machineries installation at the end of this year. Through providing high-quality products to customers in the Shanghai, Huadong and Huazhong regions of the PRC, it is foreseen that the Group will be able to further expand its business exposure in the PRC. The Board believes that the prudently revised investment strategies will bring long term benefits to the Group.

CHARGES ON ASSETS

Certain leasehold land and buildings and investment properties with an aggregate net book value of HK\$113,509,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2003, the Group employed a total workforce of about 4,900 (30.6.2002: 5,000) including 250 permanent staff and 4,650 contracted staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$38,908,000 (30.6.2002: HK\$39,780,000). It is our Group 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.





DIRECTORS' INTERESTS IN SHARES

At 30 June 2003, the interests or short positions of the directors, chief executive and their respective associates in the shares of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required notification to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive or any associated corporation is taken or deemed to have taken under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (c) were required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of director	Number of shares			
	Personal interests	Family interests	Corporate interests	Other interests
Lee Tat Hing	1,756,072	37,395,087 (a)	28,712,551 (e)	280,895,630 (f)
Fung Mei Po	37,395,087	30,468,623 (b)	—	280,895,630 (f)
Lee Chun Sing	21,815,830	240,000 (c)	—	280,895,630 (f)
Lai Lai Wah	240,000	21,815,830 (d)	—	—
Lee Pak Tung	2,766,448	—	—	—
Wat Kwing Cheung, Alexander	228,000	—	—	—

Notes:

- (a) Mr. Lee Tat Hing is the husband of Madam Fung Mei Po whose personal interests are therefore also the family interests of Mr. Lee Tat Hing.
- (b) Madam Fung Mei Po is the wife of Mr. Lee Tat Hing whose personal and corporate interests are therefore also the family interests of Madam Fung Mei Po.
- (c) Mr. Lee Chun Sing is the husband of Madam Lai Lai Wah whose personal interests are therefore also the family interests of Mr. Lee Chun Sing.
- (d) Madam Lai Lai Wah is the wife of Mr. Lee Chun Sing whose personal interests are therefore also the family interests of Madam Lai Lai Wah.





- (e) The shares are held by Lees International Investments Limited, a company beneficially owned by Mr. Lee Tat Hing.
- (f) The shares are held by Goldhill Profits Limited which is wholly owned by a discretionary trust of which Messrs. Lee Tat Hing and Lee Chun Sing and Madam Fung Mei Po are discretionary objects.

At 30 June 2003, the following directors had personal interests in the deferred non-voting shares of certain subsidiaries of the Company:

Name of director	Name of subsidiary	Number of deferred non-voting shares held
Lee Tat Hing	World Houseware Producing Company Limited	1,555
Fung Mei Po	World Home Linen Manufacturing Company Limited	100
Lee Pak Tung	World Houseware Producing Company Limited	50
	Hong Kong PVC Placemat Manufacturing Company Limited	25,000
Wat Kwing Cheung, Alexander	Hong Kong PVC Placemat Manufacturing Company Limited	75,000
	World Houseware Producing (China) Company Limited	500,000

The deferred shares do not carry any rights to vote at general meetings of these subsidiaries or to participate in any distributions of profits until the net profits of these subsidiaries which are available for dividend exceed HK\$10 billion, or to receive a return of capital until a total sum of HK\$10 billion has been distributed to the ordinary shareholders of each of these subsidiaries.

Other than as disclosed above, none of the Company's directors, chief executive and their respective associates, had any other interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including





interests or short positions which any such Director or Chief Executive is taken or deemed to have taken under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (c) were required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company or the Stock Exchange; and none of the Directors, nor their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the period.

SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The following options were granted to the directors of the Company and employees of the Group to subscribe for shares in the Company.

	Date of grant	Exercisable period	Exercise price HK\$	Number of share options outstanding
Directors:				
Lee Tat Hing	19.2.2000	19.8.2000 — 18.2.2005	0.32	860,000
Fung Mei Po	19.2.2000	19.8.2000 — 18.2.2005	0.32	800,000
Lee Chun Sing	19.2.2000	19.8.2000 — 18.2.2005	0.32	800,000
Lai Lai Wah	19.2.2000	19.8.2000 — 18.2.2005	0.32	500,000
				2,960,000
Employees	19.2.2000	19.8.2000 — 18.2.2005	0.32	1,500,000
				4,460,000

None of share options were granted to other directors or employees and none of these share options were exercised, cancelled or lapsed during the period.





SUBSTANTIAL SHAREHOLDERS

At 30 June 2003, the following interests of 5% or more of the issued shares of the Company were recorded in the register of interest required to be kept by the Company pursuant to Section 336 of the SFO.

Name	Number of shares	Percentage of the Company's issued shares
Goldhill Profits Limited	280,895,630 (i)	41.53%

Note:

- (i) The relationship between Goldhill Profits Limited and the directors of the Company is disclosed under the heading "Directors' interests in shares" above.

Other than as disclosed above, no person had registered an interest in the issued shares of the Company that were required to be recorded under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30 June 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.





AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited interim financial statements. The unaudited interim financial statements have also been reviewed by the Company's external independent auditors.

On behalf of the Board

Lee Tat Hing

Chairman and Managing Director

Hong Kong, 17 September 2003

