



World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 713



Interim Report
2009

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Tat Hing (*Chairman*)
Madam Fung Mei Po (*Vice Chairperson and
Chief Executive Officer*)
Mr. Lee Chun Sing (*Vice Chairman*)
Mr. Lee Pak Tung
Mr. Kwong Bau To
Madam Chan Lai Kuen Anita

Non-Executive Director

Mr. Cheung Tze Man Edward

Independent Non-Executive Directors

Mr. Tsui Chi Him Steve
Mr. Ho Tak Kay
Mr. Hui Chi Kuen Thomas

QUALIFIED ACCOUNTANT

Mr. Leung Cho Wai, *FCCA, CPA*

COMPANY SECRETARY

Mr. Tsui Chi Yuen, *CPA*

PRINCIPAL OFFICE

Flat C, 18th Floor
Bold Win Industrial Building
16-18 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

REGISTERED OFFICE

P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

PRINCIPAL BANKERS

Standard Chartered Bank
Hang Seng Bank
DBS Hong Kong
Bank of China
HSBC

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICES

In Hong Kong

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

In the Cayman Islands

The Harbour Trust Company Limited
P.O. Box 1787
Midland Bank Building
One Regis Place
George Town
Grand Cayman
Cayman Islands
British West Indies

STOCK CODE

713

COMPANY'S WEBSITE

<http://www.worldhse.com.hk>



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 2009 together with the comparative figures for the corresponding period in 2008:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

		1.1.2009 to 30.6.2009 HK\$'000 (Unaudited)	1.1.2008 to 30.6.2008 HK\$'000 (Unaudited)
Turnover		432,339	492,716
Cost of sales		(360,189)	(465,499)
Gross profit		72,150	27,217
Other income		5,421	3,721
Selling and distribution costs		(6,030)	(7,091)
Administrative expenses		(45,529)	(51,335)
Other expenses		(1,959)	(19,736)
Gain arising from fair value changes of investment properties		720	4,439
Gain arising from derivative financial instruments classified as held for trading		-	1,997
Gain (loss) arising from fair value change of financial asset at fair value through profit or loss		291	(568)
Finance costs	4	(4,539)	(6,007)
Profit (loss) before taxation	5	20,525	(47,363)
Taxation	6	(9,259)	(1,472)
Profit (loss) for the period		11,266	(48,835)
Other comprehensive income			
Exchange differences arising on translation		7,280	67,165
Total comprehensive income for the period		18,546	18,330
Profit (loss) for the period attributable to owners of the Company		11,266	(48,835)
Total comprehensive income for the period attributable to owners of the Company		18,546	18,330
Basic earnings (loss) per share	8	HK1.7 cents	HK(7.2) cents



Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	30.6.2009 HK\$'000 (Unaudited)	31.12.2008 HK\$'000 (Audited)
Non-current assets			
Investment properties	9	17,270	16,550
Property, plant and equipment	10	667,223	674,116
Prepaid lease payments		131,223	132,338
Deposits paid for acquisition of property, plant and equipment		620	2,622
Intangible assets	11	2,710	2,869
Financial asset at fair value through profit or loss	12	6,558	6,267
		825,604	834,762
Current assets			
Inventories		192,675	167,419
Trade and other receivables	13	212,960	209,227
Prepaid lease payments		3,470	3,454
Taxation recoverable		3,321	4,037
Pledged bank deposits		24,449	22,946
Bank balances and cash		79,909	46,917
		516,784	454,000
Current liabilities			
Trade and other payables	14	185,825	196,148
Amounts due to directors		32,533	27,798
Taxation payable		2,211	1,301
Bank borrowings – amount due within one year	15	194,779	176,481
		415,348	401,728
Net current assets		101,436	52,272
Total assets less current liabilities		927,040	887,034
Non-current liabilities			
Bank borrowings – amount due after one year	15	35,612	21,832
Deferred taxation liabilities		18,919	11,239
		54,531	33,071
		872,509	853,963
Capital and reserves			
Share capital		67,642	67,642
Reserves		804,867	786,321
		872,509	853,963



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Share capital HK\$'000	Share premium HK\$'000	Non- distributable reserve HK\$'000 (Note a)	Translation reserve HK\$'000	PRC statutory reserve HK\$'000 (Note b)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2009 (audited)	67,642	313,127	251,393	210,546	9,203	2,052	853,963
Profit for the period	-	-	-	-	-	11,266	11,266
Exchange differences arising on translation	-	-	-	7,280	-	-	7,280
Total comprehensive income for the period	-	-	-	7,280	-	11,266	18,546
At 30 June 2009 (unaudited)	67,642	313,127	251,393	217,826	9,203	13,318	872,509
At 1 January 2008 (audited)	67,642	313,127	251,393	137,765	-	80,163	850,090
Loss for the period	-	-	-	-	-	(48,835)	(48,835)
Exchange differences arising on translation	-	-	-	67,165	-	-	67,165
Total comprehensive income and expense for the period	-	-	-	67,165	-	(48,835)	18,330
Transfers	-	-	-	-	9,203	(9,203)	-
At 30 June 2008 (unaudited)	67,642	313,127	251,393	204,930	9,203	22,125	868,420

Notes:

- (a) The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries.
- (b) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China ("PRC"), the PRC subsidiaries are required to maintain a statutory reserve fund, comprising reserve fund. Statutory reserve fund is non-distributable. Appropriations to such reserves are made out of net profit after taxation of the PRC subsidiaries at the discretion of its board of directors. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied to convert into capital by means of capitalisation issue.



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	1.1.2009 to 30.6.2009 HK\$'000 (Unaudited)	1.1.2008 to 30.6.2008 HK\$'000 (Unaudited)
Net cash inflow from operating activities	15,380	16,096
Net cash outflow from investing activities		
Purchase of property, plant and equipment	(13,355)	(19,257)
Purchase of financial asset at fair value through profit or loss	-	(7,020)
Deposits paid for acquisition of property, plant and equipment	(620)	(11,814)
Proceeds from disposal of investment properties	-	25,159
Proceeds from disposal of property, plant and equipment	676	11,269
Increase in pledged bank deposits	(1,503)	(10,154)
Other investing cash flows	572	424
	(14,230)	(11,393)
Net cash inflow (outflow) from financing activities		
Bank loans raised	138,787	118,225
Repayment of bank loans	(109,338)	(146,823)
Advances from directors	5,000	11,500
Repayment to directors	(280)	(100)
Other financing cash flows	(2,620)	(489)
	31,549	(17,687)
Net increase (decrease) in cash and cash equivalents	32,699	(12,984)
Cash and cash equivalents at the beginning of the period	46,917	38,868
Effect of foreign currency rate changes	293	1,787
Cash and cash equivalents at end of the period, represented by bank balances and cash	79,909	27,671



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34").

2 PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 January 2009.



2 PRINCIPAL ACCOUNTING POLICIES (Continued)

HKAS 1 (Revised in 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters ³
HKAS 27 (Revised in 2008)	Consolidated and separate financial statements ¹
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions ³
HKFRS 3 (Revised in 2008)	Business combinations ¹
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners ¹
HK(IFRIC) – INT 18	Transfers of assets from customers ⁴

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for transfers on or after 1 July 2009.



2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The adoption of HKFRS 3 (Revised in 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised in 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3 SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker of the Group has been identified as the Chairman. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's 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

In addition, "all other segments" represents the investment in properties.



3 SEGMENT INFORMATION (Continued)

Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income, gain arising from fair value change of financial asset at fair value through profit or loss and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

Six months ended 30 June 2009

	Household products HK\$'000	PVC pipes and fittings HK\$'000	All other HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover					
Sales of goods					
External sales	193,737	238,109	-	-	431,846
Inter-segment sales	315	827	-	(1,142)	-
Rental income	-	-	493	-	493
Total	194,052	238,936	493	(1,142)	432,339
Segment profit	5,755	20,111	1,156	-	27,022
Gain arising from fair value change of financial asset at fair value through profit or loss					291
Interest income					572
Central administration costs					(2,821)
Finance costs					(4,539)
Profit before taxation					20,525
Taxation					(9,259)
Profit for the period					11,266

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



3 SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2008

	Household products HK\$'000	PVC pipes and fittings HK\$'000	All other HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover					
Sales of goods					
External sales	240,307	251,991	–	–	492,298
Inter-segment sales	647	413	–	(1,060)	–
Rental income	–	–	418	–	418
Total	240,954	252,404	418	(1,060)	492,716
Segment (loss) profit	(36,674)	(8,379)	3,976	–	(41,077)
Gain arising from derivative financial instruments classified as held for trading					1,997
Loss arising from fair value change of financial asset at fair value through profit or loss					(568)
Interest income					424
Central administration costs					(2,132)
Finance costs					(6,007)
Loss before taxation					(47,363)
Taxation					(1,472)
Loss for the period					(48,835)

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



4 FINANCE COSTS

	1.1.2009	1.1.2008
	to	to
	30.6.2009	30.6.2008
	HK\$'000	HK\$'000
Interest on bank borrowings		
– wholly repayable within five years	4,466	5,622
– not wholly repayable within five years	73	385
	4,539	6,007



5 PROFIT (LOSS) BEFORE TAXATION

	1.1.2009	1.1.2008
	to	to
	30.6.2009	30.6.2008
	HK\$'000	HK\$'000
<hr/>		
Profit (loss) before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts	-	1,500
Allowance for inventories obsolescence	-	1,148
Amortisation of intangible assets (included in cost of sales)	196	182
Amortisation of prepaid lease payments	1,735	1,652
Depreciation	25,253	27,574
Net foreign exchange losses (included in other expenses)	1,959	19,736
Net loss on disposal of property, plant and equipment	734	786
and after crediting:		
Interest income	572	424
Rental income	493	418
Reversal of allowance for bad and doubtful debts	534	-
Reversal of allowance for inventories obsolescence (note)	108	-

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



6 TAXATION

	1.1.2009	1.1.2008
	to	to
	30.6.2009	30.6.2008
	HK\$'000	HK\$'000
Hong Kong Profits Tax	90	25
PRC Enterprise Income Tax	1,560	–
Deferred taxation charge	7,609	1,447
	9,259	1,472

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the periods under review. Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 20% for the six months ended 30 June 2009 (for six months ended 30 June 2008: 18%).

Pursuant to the relevant laws and regulations in the PRC, five (for six months ended 30 June 2008: five) of the Group's PRC subsidiaries are exempted from PRC Enterprise Income Tax for two years commencing from their deemed first profit making year of operation, and thereafter, these PRC subsidiaries will be entitled to a 50% relief on applicable domestic tax rate from PRC Enterprise Income Tax rate for the three years up to 31 December 2012 under the Law of the PRC on Enterprise Income Tax promulgated on 16 March 2007. For certain of the Group's subsidiaries that have not yet entitled to tax exemption and reduction due to no profitability from commencement of operation, under the application of the Guofa [2007] No. 39 promulgated by the State Council ("Guofa"), the deemed first profit making year would be in 2008 and therefore, the PRC Enterprise Income Tax rate on these Group's subsidiaries would be 0% during the periods under review.



6 TAXATION *(Continued)*

Certain of the Group'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 would be increased progressively to 25% in five years commencing from 1 January 2008. (The applicable PRC Enterprise Income Tax rate is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012).

At 30 June 2009, deferred taxation has not been provided in respect of the temporary differences attributable to the undistributable retained profits earned by the PRC subsidiaries amounting to HK\$7,148,000 starting from 1 January 2008 under the New Law of the PRC that requires withholding tax upon the distribution of such profits to the shareholders 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 DIVIDEND

No dividends were paid, declared or proposed during the period. The directors of the Company do not recommend the payment of an interim dividend.

8 BASIC EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the six months ended 30 June 2009 is based on the profit for the period attributable to owners of the Company of HK\$11,266,000 (for six months ended 30 June 2008: loss of HK\$48,835,000) and on the 676,417,401 (for six months ended 30 June 2008: 676,417,401) number of shares in issue during the period.

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



9 INVESTMENT PROPERTIES

The valuation of the Group's investment properties were fair valued by an external valuer at 30 June 2009 by reference to the basis of capitalisation of the relevant net income. The valuation was arrived at 30 June 2008 by reference to market evidence of transaction prices for similar properties, resulting an increase in fair value of investment properties of HK\$720,000 (for six months ended 30 June 2008: HK\$4,439,000) has been recognised directly in the condensed consolidated statement of comprehensive income.

10 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK\$16 million (for six months ended 30 June 2008: HK\$23 million) on additions to the manufacturing plants in the PRC.

11 INTANGIBLE ASSETS

The intangible assets are amortised over its estimate useful life of 10 years using the straight line method. Amortisation of HK\$196,000 (for six months ended 30 June 2008: HK\$182,000) had been made for the current period.



12 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at fair value through profit or loss comprises:

	30.6.2009	31.12.2008
	HK\$'000	HK\$'000
Equity-linked note	6,558	6,267

The equity-linked note is denominated in United States Dollar ("USD") with principal amount of USD900,000 and the obligation of interest accrual on a daily basis is at a fixed rate for the first month and at a predetermined equation at subsequent payment dates. The equity-linked note is subject to a mandatory redemption at various intervals until maturity date. The duration and the manner in which it is settled at mandatorily termination are linked to the performance of a basket of Taiwan listed equity securities by comparing the market prices with the pre-determined prices of these equity securities. Accrued interest is payable on monthly basis. The notes may be redeemed at maturity in full amount of the principal amount for cash. The equity-linked note is designated as financial asset at fair value through profit or loss upon initial recognition as it contains embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at fair value through profit or loss.

The maturity date of the equity-linked note outstanding as at 30 June 2009 is May 2011, subject to mandatorily termination, and was therefore classified as non-current. The note was stated at fair value on each reporting date based on valuation amount provided by the relevant counterparty financial institution.



13 TRADE AND OTHER RECEIVABLES

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

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

	30.6.2009	31.12.2008
	HK\$'000	HK\$'000
0 – 30 days	63,338	73,878
31 – 60 days	38,949	46,004
61 – 90 days	32,556	25,768
91 – 180 days	31,733	23,599
Over 180 days	15,968	22,452
Total trade receivables	182,544	191,701
Other receivables	30,416	17,526
Total trade and other receivables	212,960	209,227



14 TRADE AND OTHER PAYABLES

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

	30.6.2009	31.12.2008
	HK\$'000	HK\$'000
0 – 30 days	58,985	36,675
31 – 60 days	39,730	22,445
61 – 90 days	12,725	15,537
Over 90 days	12,729	38,678
Total trade payables	124,169	113,335
Other payables	61,656	82,813
Total trade and other payables	185,825	196,148

15 BANK BORROWINGS

During the period, the Group raised new bank loans of approximately HK\$138,787,000 (for six months ended 30 June 2008: HK\$118,225,000) and repaid bank loans of HK\$109,338,000 (for six months ended 30 June 2008: HK\$146,823,000). The proceeds were used to finance the general working capital of the Group.

During the current period and as at 31 December 2008, the Group did not breach any of the terms of the bank loans. The Group breached a term of the bank loans as at 30 June 2008 which has been waived by the bank in September 2008.



16 CAPITAL COMMITMENTS

	30.6.2009	31.12.2008
	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of plant and equipment	4,242	1,542

17 RELATED PARTIES TRANSACTIONS

During the period, the Group has the following significant transactions with related parties:

Relationship of related parties	Nature of transactions	30.6.2009	30.6.2008
		HK\$'000	HK\$'000
Directors of the Company	Short-term benefits	6,375	6,735
	Post-employment benefits	29	35
		6,404	6,770
Close family members of certain directors	Short-term benefits	1,728	1,728
	Post-employment benefits	18	18
		1,746	1,746

During the period ended and as at 30 June 2009, Joy Tower Limited and Madam Fung Mei Po, both of whom are related parties of the Group, provide the residential property and security deposit to secure one of the Group's banking facilities up to HK\$16,692,000 (31 December 2008: HK\$21,809,000). Approximately HK\$10,990,000 (31 December 2008: HK\$11,292,000) was utilised in respect of this banking facility as at 30 June 2009.

Note: Mr. Lee Tat Hing and his spouse, Madam Fung Mei Po, are directors and shareholders of Joy Tower Limited and the Group.



Report on Review of Interim Financial Information



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 reviewed the interim financial information set out on pages 3 to 20, which comprises the condensed consolidated statement of financial position of World Houseware (Holdings) Limited (the "Company") and its subsidiaries as of 30 June 2009 and related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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.



Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17 September 2009



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 2009. 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\$432,339,000 for the six months ended 30 June 2009, representing a decrease of 12.3% or HK\$60,377,000 as compared to HK\$492,716,000 of the same period last year.
- Gross profit of the Group was HK\$72,150,000, representing an increase of 165% or HK\$44,933,000 as compared to HK\$27,217,000 of the same period last year. The gross profit margin was 16.7%, representing an increase of 11.2% as compared to 5.5% of the same period last year.
- Profit attributable to the shareholders for the period was HK\$11,266,000, as compared to a loss of HK\$48,835,000 of the same period last year.
- Basic earnings per share was HK1.7 cents, as compared to basic loss per share of HK7.2 cents of the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2009.



BUSINESS REVIEW

During the period under review, there was a keen competition in the household products industry which was largely caused by the weak worldwide consumer market under the adverse effect of the financial tsunami. However, as there was a drop in the prices of the raw materials and the Group's management had kept a shrewd eye to the changing market situation and adopted a flexible policy to deal with the purchase of raw material and coupled with the efforts of the staff, there was a steady growth in the business and had recorded profit during the period.

For the PVC pipes and fitting business, based on the renowned goodwill, the drop of the price of the raw materials and the management's effective cost control and flexible policy to tackle the fast changing business environment, the business had recorded satisfactory return during the period under review.

For property investments, the Group had recorded a gain on changes in fair value of its investment properties of HK\$720,000 during the period under review.

As to the Group's development of environmental reborn resources business, it had made significant progress during the period under review. It is hoped that following the existing development path it will generate profit to the Group in future.

PROSPECTS

As the global economic environment is still challenging, the economic recovery remains uncertain in the near future. The recent rebound of the price of raw material is one of the unfavourable factors that may adversely affect the profits in household products and PVC pipes and fittings. The Group's business strategy for the second half of this year and the year ahead will be focused mainly in the streamlining of its human resource so as to save costs, expanding its production capacity and enhancing its productivity so as to maximize its economic efficiency.

On the other hand, with the solid business foundation of the Group and the dedicated efforts of the management coupled with the stable market share, good reputation and the established long-term relationship with clients, it is expected that the Group can face the challenge with confidence.



PROSPECTS *(Continued)*

The Group expects that the newly developed environmental reborn resources business will generate high returns in future and the Group is making efforts to enhance the development of new technologies. Its target is to develop the technologies of environmental protection investment by utilizing its existing lands, research and its experiences towards the environmental protection business built up over the past few years hoping to lead the business for the Group into a new era.

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 30 June 2009, the Group had bank balances, cash and pledged bank deposits of approximately HK\$104,358,000 (31.12.2008: HK\$69,863,000) and had interest-bearing bank borrowings of approximately HK\$230,391,000 (31.12.2008: HK\$198,313,000). 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 2009 amounted to HK\$399,676,000; of which HK\$230,391,000 of the banking facilities was utilised (utilisation rate was at 57.6%).

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 2009, the Group had current assets of approximately HK\$516,784,000 (31.12.2008: HK\$454,000,000). The Group's current ratio was approximately 1.24 as at 30 June 2009 as compared with approximately 1.1 as at 31 December 2008. Total shareholders' funds of the Group as at 30 June 2009 increased by 2.2% to HK\$872,509,000 (31.12.2008: HK\$853,963,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2009 was 0.54 (31.12.2008: 0.51).



CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties, prepaid lease payments, bank deposits and financial asset at fair value through profit or loss with an aggregate net book value of HK\$301,081,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2009, the Group employed a total workforce of about 3,411 (30.6.2008: 3,355) including 3,358 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$49,820,000 (30.6.2008: HK\$49,699,000). 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.



Other Information

DIRECTORS' INTERESTS IN SHARES

At 30 June 2009, the interests of the directors, chief executive and their respective associates in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be notified 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 they are taken or deemed to have taken under such provisions of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of director	Number of issued ordinary shares held				Total	Percentage of the issue share capital of the Company
	Personal interests	Family interests	Corporate interests	Other interests		
Lee Tat Hing	1,756,072	38,479,087 (a)	28,712,551 (c)	280,895,630 (d)	349,843,340	51.72%
Fung Mei Po	38,479,087	30,468,623 (b)	-	280,895,630 (d)	349,843,340	51.72%
Lee Chun Sing	21,815,830	-	-	280,895,630 (d)	302,711,460	44.75%
Lee Pak Tung	2,766,448	-	-	-	2,766,448	0.41%
Kwong Bau To	3,103	-	-	-	3,103	-
Hui Chi Kuen Thomas	100,000	-	-	-	100,000	0.01%
Chan Lai Kuen Anita	2,623	-	-	-	2,623	-

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) The shares are held by Lees International Investments Limited, a company wholly owned by Mr. Lee Tat Hing.



DIRECTORS' INTERESTS IN SHARES (Continued)

- (d) The shares are held by Goldhill Profits Limited which is wholly owned by a discretionary trust of which Mr. Lee Tat Hing, Lee Chun Sing and Madam Fung Mei Po are discretionary objects.

At 30 June 2009, 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

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 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.

At 30 June 2009, save as aforesaid and options holdings disclosed under the heading of "Share Options and Directors' Rights to Acquire Shares or Debentures" and other than certain nominee shares in subsidiaries held by directors in trust for the Group, none of the directors, chief executives or their associates had any interests or short positions in the shares or any securities of the Company and its associated corporations.



SUBSTANTIAL SHAREHOLDERS

At 30 June 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests in shares disclosed above in respect of the directors of the Company, the Company has not been notified of any other interests representing 5 percent or more of the Company's issued share capital as at 30 June 2009.

Save as disclosed in this interim report, the directors and chief executive of the Company are not aware of any other person who, as at 30 June 2009, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO.

SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At 30 June 2009, none of the directors and chief executive of the Company and their respective associates had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified 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 they are taken or deemed to have taken under such provisions of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2009, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.



CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR OTHER SIMILAR RIGHTS

The Company had no convertible securities, options, warrants or other similar rights in issue during the period or at 30 June 2009.

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 2009. 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 2009.

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.

By Order of the Board

Lee Tat Hing

Chairman

Hong Kong, 17 September 2009

