World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 713

Interim Report 2010

Contents

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
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
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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
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In the Cayman Islands
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Grand Cayman
Cayman Islands
British West Indies

STOCK CODE
713

COMPANY'S WEBSITE
http://www.worldhse.com

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 2010 together with the comparative figures for the corresponding period in 2009:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	Notes	**1.1.2010 to 30.6.2010 HK$'000 (Unaudited)**	1.1.2009 to 30.6.2009 HK$'000 (Unaudited)
Turnover		**452,784**	432,339
Cost of sales		**(394,829)**	(360,189)
Gross profit		**57,955**	72,150
Other income		**4,235**	5,421
Other gains and losses	*4*	**(536)**	(1,682)
Selling and distribution costs		**(5,559)**	(6,030)
Administrative expenses		**(43,458)**	(44,795)
Finance costs	*5*	**(4,004)**	(4,539)
Profit before taxation		**8,633**	20,525
Taxation	*6*	**(3,740)**	(9,259)
Profit for the period, attributable to owners of the Company	*7*	**4,893**	11,266
Other comprehensive income			
Exchange differences arising on translation		**–**	7,280
Total comprehensive income for the period, attributable to owners of the Company		**4,893**	18,546
Basic earnings per share	*9*	**HK0.7 cent**	HK1.7 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2010

	Notes	30.6.2010 HK$'000 (Unaudited)	31.12.2009 HK$'000 (Audited)
Non-current assets			
Investment properties	10	**20,340**	19,170
Property, plant and equipment	11	**637,825**	648,216
Prepaid lease payments		**127,754**	129,489
Deposits paid for acquisition of property, plant and equipment		**3,723**	1,221
Intangible assets	12	**2,300**	2,496
Financial asset at fair value through profit or loss	13	**–**	6,859
		791,942	807,451
Current assets			
Inventories		**207,559**	192,776
Trade and other receivables	14	**240,399**	201,525
Prepaid lease payments		**3,470**	3,470
Financial asset at fair value through profit or loss	13	**6,886**	–
Taxation recoverable		**4,178**	3,478
Pledged bank deposits		**36,374**	46,595
Bank balances and cash		**57,210**	67,396
		556,076	515,240
Current liabilities			
Trade and other payables	15	**195,711**	180,894
Amounts due to directors		**29,996**	30,125
Taxation payable		**4,988**	8,097
Bank borrowings – amount due within one year	16	**183,020**	171,014
Derivative financial instruments	17	**1,798**	–
		415,513	390,130
Net current assets		**140,563**	125,110
Total assets less current liabilities		**932,505**	932,561
Non-current liabilities			
Bank borrowings – amount due after one year	16	**28,812**	34,599
Deferred taxation liabilities		**9,314**	8,476
		38,126	43,075
		894,379	889,486
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**826,737**	821,844
		894,379	889,486

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	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 2010 (audited)	67,642	313,127	251,393	216,664	11,021	29,639	889,486
Profit for the period and total comprehensive income for the period	–	–	–	–	–	4,893	4,893
Transfers	–	–	–	–	102	(102)	–
At 30 June 2010 (unaudited)	67,642	313,127	251,393	216,664	11,123	34,430	894,379
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
Other comprehensive income for the period	–	–	–	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

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 surplus reserve fund. Statutory surplus 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 2010

	1.1.2010 to 30.6.2010 HK$'000 (Unaudited)	1.1.2009 to 30.6.2009 HK$'000 (Unaudited)
Net cash (outflow) inflow from operating activities	**(6,411)**	15,380
Net cash outflow from investing activities		
Purchase of property, plant and equipment	**(13,232)**	(13,355)
Deposits paid for acquisition of property, plant and equipment	**(3,636)**	(620)
Proceeds from disposal of property, plant and equipment	**335**	676
Pledged bank deposits placed	**(127,641)**	(88,751)
Release of pledged bank deposits	**137,862**	87,248
Other investing cash flows	**451**	572
	(5,861)	(14,230)
Net cash inflow from financing activities		
Bank loans raised	**126,886**	138,787
Repayment of bank loans	**(129,763)**	(109,338)
Advances from directors	**100**	5,000
Repayment to directors	**(229)**	(280)
Other financing cash flows	**5,092**	(2,620)
	2,086	31,549
Net (decrease) increase in cash and cash equivalents	**(10,186)**	32,699
Cash and cash equivalents at 1 January	**67,396**	46,917
Effect of foreign currency rate changes	**–**	293
Cash and cash equivalents at 30 June, represented by bank balances and cash	**57,210**	79,909

Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 June 2010

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") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related party disclosures[4]
HKAS 32 (Amendment)	Classification of rights issues[2]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[3]
HKFRS 9	Financial instruments[5]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

[2] Effective for annual periods beginning on or after 1 February 2010.

[3] Effective for annual periods beginning on or after 1 July 2010.

[4] Effective for annual periods beginning on or after 1 January 2011.

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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'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

In addition, "others" segment represents the investment in properties.

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 2010

	Household products HK$'000	PVC pipes and fittings HK$'000	Others HK$'000	Consolidated HK$'000
SEGMENT TURNOVER				
Sales of goods				
External sales	199,666	252,683	–	452,349
Inter-segment sales	347	101	–	448
Rental income	–	–	435	435
	200,013	252,784	435	453,232
Elimination	(347)	(101)	–	(448)
Group's turnover	199,666	252,683	435	452,784
Segment profit	7,028	14,267	1,516	22,811
Loss arising from derivative financial instruments classified as held for trading				(1,517)
Gain arising from fair value change of financial asset at fair value through profit or loss				27
Interest income				451
Unallocated corporate expenses				(9,135)
Finance costs				(4,004)
Profit before taxation				8,633

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

3. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2009

	Household products HK$'000	PVC pipes and fittings HK$'000	Others HK$'000	Consolidated HK$'000
SEGMENT TURNOVER				
Sales of goods				
External sales	193,737	238,109	–	431,846
Inter-segment sales	315	827	–	1,142
Rental income	–	–	493	493
	194,052	238,936	493	433,481
Elimination	(315)	(827)	–	(1,142)
Group's turnover	193,737	238,109	493	432,339
Segment profit	10,776	21,197	1,068	33,041
Gain arising from fair value change of financial asset at fair value through profit or loss				291
Interest income				572
Unallocated corporate expenses				(8,840)
Finance costs				(4,539)
Profit before taxation				20,525

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

Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income, loss arising from derivative financial instruments classified as held for trading, 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.

4. OTHER GAINS AND LOSSES

	1.1.2010 to 30.6.2010 HK$'000	1.1.2009 to 30.6.2009 HK$'000
Gain arising from fair value change of investment properties	**1,170**	720
Gain arising from fair value change of financial asset at fair value through profit or loss	**27**	291
Loss arising from derivative financial instruments classified as held for trading	**(1,517)**	–
Loss on disposal of property, plant and equipment	**(46)**	(734)
Net foreign exchange loss	**(170)**	(1,959)
	(536)	(1,682)

5. FINANCE COSTS

	1.1.2010 to 30.6.2010 HK$'000	1.1.2009 to 30.6.2009 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	**3,908**	4,466
– not wholly repayable within five years	**96**	73
	4,004	4,539

6. TAXATION

	1.1.2010 to 30.6.2010 HK$'000	1.1.2009 to 30.6.2009 HK$'000
Hong Kong Profits Tax	–	90
PRC Enterprise Income Tax	2,902	1,560
Deferred taxation charge	838	7,609
	3,740	9,259

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 22% for the six months ended 30 June 2010 (for six months ended 30 June 2009: 20%).

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), certain PRC subsidiaries are exempted from PRC Enterprise Income Tax for two years commencing from their deemed first profit making year of operation in 2008, and thereafter, these PRC subsidiaries are entitled to a 50% relief on applicable domestic tax rate from PRC Enterprise Income Tax rate for the following three years ("Tax Holiday"). The Tax Holiday will expire gradually up to 2012.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$73,668,000 (for six months ended 30 June 2009: HK$29,038,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. PROFIT FOR THE PERIOD

	1.1.2010 to 30.6.2010 HK$'000	1.1.2009 to 30.6.2009 HK$'000
Profit for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	**196**	196
Amortisation of prepaid lease payments	**1,735**	1,735
Depreciation	**24,376**	25,253
Net foreign exchange loss (included in other gains and losses)	**170**	1,959
Loss on disposal of property, plant and equipment	**46**	734
and after crediting:		
Interest income	**451**	572
Gross rental income from investment properties	**435**	493
Less: Direct operating expenses that generated rental income	**(89)**	(88)
	346	405
Reversal of allowance for bad and doubtful debts	**1,296**	534
Reversal of allowance for inventories obsolescence *(note)*	**259**	108

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

8. DIVIDEND

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

9. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2010 is based on the profit for the period attributable to owners of the Company of HK4,893,000 (for six months ended 30 June 2009: HK$11,266,000) and on the 676,417,401 (for six months ended 30 June 2009: 676,417,401) number of shares in issue during the period.

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

10. INVESTMENT PROPERTIES

The valuation of the Group's investment properties were fair valued by an external valuer at 30 June 2010 by reference to the basis of capitalisation of the relevant net income, resulting an increase in fair value of investment properties of HK$1,170,000 (for six months ended 30 June 2009: HK$720,000) has been recognised directly in the condensed consolidated statement of comprehensive income.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK$14 million (for six months ended 30 June 2009: HK$16 million) on additions to the manufacturing plants in the PRC.

12. 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 2009: HK$196,000) had been made for the current period.

13. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at fair value through profit or loss comprise:

	30.6.2010	31.12.2009
	HK$'000	HK$'000
Equity-linked note	6,886	6,859

The equity-linked note is denominated in United States Dollar ("USD") with principal amount of USD900,000 and the 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 2010 is May 2011 (31 December 2009: May 2011), subject to mandatory termination, and is therefore classified as current and non-current as at 30 June 2010 and 31 December 2009 respectively. The note was stated at fair value at the end of the reporting period based on valuation amount provided by the relevant counterparty financial institution.

14. TRADE AND OTHER RECEIVABLES

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

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

	30.6.2010	31.12.2009
	HK$'000	HK$'000
0 – 30 days	**75,865**	78,447
31 – 60 days	**49,321**	42,634
61 – 90 days	**35,421**	16,109
91 – 180 days	**25,593**	23,547
Over 180 days	**15,539**	15,485
Net trade receivables	**201,739**	176,222
Other receivables	**38,660**	25,303
Total trade and other receivables	**240,399**	201,525

15. TRADE AND OTHER PAYABLES

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

	30.6.2010	31.12.2009
	HK$'000	HK$'000
0 – 30 days	**40,114**	54,230
31 – 60 days	**38,167**	23,451
61 – 90 days	**25,832**	13,449
Over 90 days	**9,832**	15,607
Total trade payables	**113,945**	106,737
Other payables	**81,766**	74,157
Total trade and other payables	**195,711**	180,894

16. BANK BORROWINGS

During the current period, the Group obtained new bank loans of approximately HK$126,886,000 (for six months ended 30 June 2009: HK$138,787,000) and repaid bank loans of HK$129,763,000 (for six months ended 30 June 2009: HK$109,338,000). The proceeds were used to finance the general working capital of the Group.

17. DERIVATIVE FINANCIAL INSTRUMENTS

	30.6.2010	31.12.2009
	HK$'000	HK$'000
Forward foreign exchange contracts	1,798	–

At the end of the reporting period, the Group had the following outstanding foreign currency forward contracts. The major terms of the outstanding foreign currency forward contracts at 30 June 2010 are as follows:

Notional amount	**Maturity**	**Exchange rate**
Non-deliverable		
Buy USD2,000,000 to USD4,000,000	26 July 2011	USD1 to RMB6.92 – 6.95
Buy USD1,500,000 to USD3,000,000	23 May 2012	USD1 to RMB6.65 – 6.86

The above derivatives were measured at fair value at the end of the reporting period. Their fair values were determined based on the valuation amount provided by the relevant counterparty financial institutions at the end of the reporting period.

18. CAPITAL COMMITMENTS

	30.6.2010	31.12.2009
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– plant and machinery	**1,922**	2,969
– leasehold improvement	**–**	83
	1,922	3,052

19. RELATED PARTIES TRANSACTIONS

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

Relationship of related parties	**Nature of transactions**	**30.6.2010**	30.6.2009
		HK$'000	HK$'000
Directors of the Company	Salaries and other benefits	**6,527**	6,375
	Retirement benefit scheme contribution	**29**	29
		6,556	6,404
Close family members of certain directors	Salaries and other benefits	**1,866**	1,728
	Retirement benefit scheme contribution	**18**	18
		1,884	1,746

19. RELATED PARTIES TRANSACTIONS *(Continued)*

During the period ended and as at 30 June 2010, Joy Tower Limited (note) and Madam Fung Mei Po, both are related parties of the Group, provide the residential property and securities to secure one of the Group's banking facilities amounting to HK$20,473,000 (31 December 2009: HK$16,692,000). Approximately HK$14,541,000 (31 December 2009: HK$8,615,000) was utilised in respect of this banking facility as at 30 June 2010.

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

Report on Review of Interim Financial Information

Deloitte.
德勤

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 (collectively referred to as the "Group") as of 30 June 2010 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
24 August 2010

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 2010. 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$452,784,000 for the six months ended 30 June 2010, representing an increase of 4.7% or HK$20,445,000 as compared to HK$432,339,000 of the same period last year.

- Gross profit of the Group was HK$57,955,000, representing a decrease of 19.7% or HK$14,195,000 as compared to HK$72,150,000 of the same period last year. The gross profit margin was 12.8%, representing a decrease of 3.9% as compared to 16.7% of the same period last year.

- Profit attributable to the shareholders for the period was HK$4,893,000, as compared to a profit of HK$11,266,000 for the same period last year.

- Basic earnings per share was HK 0.7 cent, as compared to basic earnings per share of HK1.7 cents for the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2010.

BUSINESS REVIEW

Affected by the fluctuation of the price of plastic raw material during the period under review there was a decrease in the gross profit ratio of the business of household products and the business turnover generally can be said as steady. Meanwhile, the Group's wholly owned subsidiary World Houseware Producing Company Limited which is responsible for the sale of the household products overseas has successfully obtained the Certificate of Quality Management Standards ISO9001:2008. It shows that the management and service provided have attained the required level of international quality management system standard and the Group will continue to strive for best service and quality products as its objective.

For PVC pipes and fitting business, the business profit was decreasing during the period under review as it was also affected by the fluctuation of the plastic raw materials and the keen competition of other competitors of pipes and fitting in PRC.

During the period under review, the gain arising from fair value change of investment properties was HK$1,170,000.

For the environmental recycling and reborn resources business, despite difficulties encountered in the research and invention of the technologies, with the efforts of our team of experts and technologists we have obtained break through in certain technologies. During the period under review, the Group's wholly owned subsidiary South China Reborn Resources (Zhongshan) Company Limited had submitted certain applications for registration regarding the recycling and reborn resources of technology and invention patents and utility model patents to the State Intellectual Property Office of the People's Republic of China and were successfully accepted and the applications are still under processing.

PROSPECTS

Looking to the future, the Group has full confidence. Following the rebound of the global economy, it is hoped that there will be an increase in the business turnover. The Group will continue to provide best quality services and to expand its business profile positively. We will continue to better its production and the management skill so as to raise its competitive level. Whilst controlling the cost level, the Group will also focus on the work of risk management. It is hoped that the business in the second half of the year will be improved.

The Group will also continue to expand its environmental business and will base on various invention patents and utility model patents which are accepted by the State Intellectual Property Office of the People's Republic of China to submit patent registration in Hong Kong and other recognized international patent organization. We hope that we will develop our environmental business not only in People's Republic of China but also expand to other parts of the world. Meanwhile, the recycling and reborn technologies which are revised and improved by the experts will be put into full operation in the second half of the year. Once in full operation, the benefits they achieved will generate solid contribution to the Group's return.

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 2010, the Group had bank balances and cash and pledged bank deposits of approximately HK$93,584,000 (31.12.2009: HK$113,991,000) and had interest-bearing bank borrowings of approximately HK$211,832,000 (31.12.2009: HK$205,613,000). 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 2010 amounted to HK$434,254,000; of which HK$211,832,000 of the banking facilities was utilised (utilisation rate was at 48.8%).

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.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING *(Continued)*

At 30 June 2010, the Group had current assets of approximately HK$556,076,000 (31.12.2009: HK$515,240,000). The Group's current ratio was approximately 1.3 as at 30 June 2010 as compared with approximately 1.3 as at 31 December 2009. Total shareholders' funds of the Group as at 30 June 2010 increased by 0.6% to HK$894,379,000 (31.12.2009: HK$889,486,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2010 was 0.51 (31.12.2009: 0.49).

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$296,145,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2010, the Group employed a total workforce of about 2,932 (30.6.2009: 3,411) including 2,886 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$51,395,000 (30.6.2009: HK$49,820,000). 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 2010, 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:

	Number of issued ordinary shares held					
Name of director	Personal interests	Family interests	Corporate interests	Other interests	Total	Percentage of the issue share capital of the Company
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%
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.

(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.

DIRECTORS' INTERESTS IN SHARES *(Continued)*

At 30 June 2010, 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 2010, 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 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows 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 2010.

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 2010, 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 2010, 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 2010, 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 2010.

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 2010. 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 2010.

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, 24 August 2010