World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 713

INTERIM REPORT

2011

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
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Kwai Chung
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Hong Kong

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

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 R&H Trust Co. Ltd.
P.O. Box 897
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Grand Cayman KY1-1103
Cayman Islands

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 2011 together with the comparative figures for the corresponding period in 2010:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Notes	**1.1.2011 to 30.6.2011 HK$'000 (Unaudited)**	1.1.2010 to 30.6.2010 HK$'000 (Unaudited)
Turnover		**540,679**	452,784
Cost of sales		**(495,065)**	(394,829)
Gross profit		**45,614**	57,955
Other income		**2,825**	4,235
Other gains and losses	*4*	**19,377**	(536)
Selling and distribution costs		**(7,287)**	(5,559)
Administrative expenses		**(55,153)**	(43,458)
Finance costs	*5*	**(4,357)**	(4,004)
Profit before taxation		**1,019**	8,633
Taxation credit (charge)	*6*	**3,810**	(3,740)
Profit for the period	*7*	**4,829**	4,893
Other comprehensive income			
Exchange differences arising on translation		**22,930**	–
Total comprehensive income for the period		**27,759**	4,893
Profit for the period attributable to:			
Owners of the Company		**5,396**	4,893
Non-controlling interests		**(567)**	–
		4,829	4,893
Total comprehensive income for the period attributable to:			
Owners of the Company		**28,313**	4,893
Non-controlling interests		**(554)**	–
		27,759	4,893
Basic earnings per share	*9*	**HK0.80 cent**	HK0.72 cent

Condensed Consolidated Statement of Financial Position

At 30 June 2011

	Notes	**30.6.2011 HK$'000 (Unaudited)**	31.12.2010 HK$'000 (Audited)
Non-current assets			
Investment properties	*10*	**23,990**	21,720
Property, plant and equipment	*11*	**685,494**	683,305
Prepaid lease payments		**85,501**	85,130
Deposits paid for acquisition of property, plant and equipment		**90**	150
Intangible assets	*12*	**2,014**	2,177
Derivative financial instruments	*13*	**2,087**	–
		799,176	792,482
Current assets			
Inventories		**259,225**	223,174
Trade and other receivables	*14*	**289,821**	225,093
Amounts due from non-controlling shareholders of a subsidiary	*15*	**3,770**	–
Prepaid lease payments		**2,410**	2,367
Derivative financial instruments	*13*	**101**	403
Financial assets at fair value through profit or loss	*16*	**–**	11,780
Taxation recoverable		**72**	72
Pledged bank deposits		**34,176**	35,328
Bank balances and cash		**32,631**	71,238
		622,206	569,455
Non-current asset classified as held for sale	*17*	**–**	13,388
		622,206	582,843

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2011

	Notes	**30.6.2011 HK$'000 (Unaudited)**	31.12.2010 HK$'000 (Audited)
Current liabilities			
Trade and other payables	*18*	**231,623**	213,901
Amounts due to directors		**23,500**	27,174
Taxation payable		**1,256**	5,066
Bank borrowings – amount due within one year	*19*	**202,896**	180,025
		459,275	426,166
Net current assets		**162,931**	156,677
Total assets less current liabilities		**962,107**	949,159
Non-current liabilities			
Bank borrowings – amount due after one year	*19*	**–**	11,176
Deferred taxation liabilities		**4,033**	7,647
Derivative financial instruments	*13*	**–**	180
		4,033	19,003
		958,074	930,156
Capital and reserves			
Share capital		**67,642**	67,642
Reserves		**887,445**	862,514
Equity attributable to owners of the Company		**955,087**	930,156
Non-controlling interests		**2,987**	–
		958,074	930,156

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the Company								
	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$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2011 (audited)	67,642	313,127	251,393	254,690	13,343	29,961	930,156	–	930,156
Profit for the period	–	–	–	–	–	5,396	5,396	(567)	4,829
Exchange differences arising on translation	–	–	–	22,917	–	–	22,917	13	22,930
Total comprehensive income for the period	–	–	–	22,917	–	5,396	28,313	(554)	27,759
Transfers	–	–	–	–	48	(48)	–	–	–
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	3,541	3,541
Dividends paid	–	–	–	–	–	(3,382)	(3,382)	–	(3,382)
At 30 June 2011 (unaudited)	67,642	313,127	251,393	277,607	13,391	31,927	955,087	2,987	958,074
At 1 January 2010 (audited)	67,642	313,127	251,393	216,664	11,021	29,639	889,486	–	889,486
Profit for the period and total comprehensive income for the period	–	–	–	–	–	4,893	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	–	894,379

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 2011

	1.1.2011 to 30.6.2011 HK$'000 (Unaudited)	1.1.2010 to 30.6.2010 HK$'000 (Unaudited)
Net cash used in operating activities	**(55,411)**	(6,411)
Net cash from (used in) investing activities		
Purchase of property, plant and equipment	**(17,414)**	(13,232)
Deposits paid for acquisition of property, plant and equipment	**(9)**	(3,636)
Proceeds from disposal of property, plant and equipment	**686**	335
Proceeds from disposal of non-current asset classified as held for sale	**19,552**	–
Proceeds from redemption of financial assets at fair value through profit or loss	**11,899**	–
Pledged bank deposits placed	**(189,789)**	(127,641)
Release of pledged bank deposits	**191,175**	137,862
Advanced to non-controlling shareholders of subsidiaries	**(3,085)**	–
Other investing cash flows	**868**	451
	13,883	(5,861)
Net cash from financing activities		
Bank loans raised	**92,829**	126,886
Repayment of bank loans	**(93,429)**	(129,763)
Advances from directors	**150**	100
Repayment to directors	**(3,842)**	(229)
Dividends paid	**(3,382)**	–
Capital contribution from non-controlling shareholders of subsidiaries	**3,541**	–
Other financing cash flows	**5,748**	5,092
	1,615	2,086
Net decrease in cash and cash equivalents	**(39,913)**	(10,186)
Cash and cash equivalents at 1 January	**71,238**	67,396
Effect of foreign currency rate changes	**1,306**	–
Cash and cash equivalents at 30 June, represented by bank balances and cash	**32,631**	57,210

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 ("HKAS 34"), Interim Financial Reporting 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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (as revised in 2009)	Related party disclosures
HKAS 32 (Amendment)	Classification of rights issues
HK(IFRIC*) – INT 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC*) – INT 19	Extinguishing financial liabilities with equity instruments

* IFRIC represents the IFRS Interpretations Committee.

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective. The following new or revised standards and interpretations have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorized for issuance and are not yet effective:

HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosures of interests in other entities[1]
HKFRS 13	Fair value measurements[1]
HKAS 1 (as revised in 2011)	Presentation of financial statements – Presentation of items of other comprehensive income[2]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]

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

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

The directors of the Company anticipate that the application of the new or revised standards and 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
Others	–	investment in properties

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

Six months ended 30 June 2011

	Household products HK$'000	PVC pipes and fittings HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover					
Sales of goods					
External sales	236,272	303,958	–	–	540,230
Inter-segment sales	351	250	–	(601)	–
Rental income	–	–	449	–	449
Total	236,623	304,208	449	(601)	540,679
Segment profit	5,690	4,223	2,627	–	12,540
Gain arising from changes in fair value of derivative financial instruments					2,625
Gain arising from changes in fair value of financial assets at fair value through profit or loss					19
Interest income					208
Unallocated corporate expenses					(10,016)
Finance costs					(4,357)
Profit before taxation					1,019

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

3. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2010

	Household products HK$'000	PVC pipes and fittings HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover					
Sales of goods					
External sales	199,666	252,683	–	–	452,349
Inter-segment sales	347	101	–	(448)	–
Rental income	–	–	435	–	435
Total	200,013	252,784	435	(448)	452,784
Segment profit	7,028	14,267	1,516	–	22,811
Loss arising from changes in fair value of derivative financial instruments					(1,517)
Gain arising from change in fair value 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.

Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income, gain (loss) arising from changes in fair value of derivative financial instruments, gain arising from changes in fair value of financial assets 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

	1.1.2011 to 30.6.2011 HK$'000	1.1.2010 to 30.6.2010 HK$'000
Gain arising from changes in fair value of investment properties	2,270	1,170
Gain arising from changes in fair value of financial assets at fair value through profit or loss	19	27
Gain (loss) arising from changes in fair value of derivative financial instruments	2,625	(1,517)
Gain on disposal of non-current asset classified as held for sale	18,926	–
Loss on disposal of property, plant and equipment	(1)	(46)
Net foreign exchange loss	(4,462)	(170)
	19,377	(536)

5. FINANCE COSTS

	1.1.2011 to 30.6.2011 HK$'000	1.1.2010 to 30.6.2010 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	4,357	3,908
– not wholly repayable within five years	–	96
	4,357	4,004

6. TAXATION (CREDIT) CHARGE

	1.1.2011 to 30.6.2011 HK$'000	1.1.2010 to 30.6.2010 HK$'000
Hong Kong Profits Tax charge	410	–
PRC Enterprise Income Tax (credit) charge	(467)	2,902
Deferred taxation (credit) charge	(3,753)	838
	(3,810)	3,740

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 24% for the six months ended 30 June 2011 (for six months ended 30 June 2010: 22%).

Pursuant to the relevant laws and regulations in the PRC, four (2010: four) of the Company's PRC subsidiaries are entitled to a 50% relief on applicable domestic tax rate from PRC Enterprise Income Tax for current year up to 31 December 2012 under the EIT Law. For certain of the Company's subsidiaries that have not yet entitled to tax exemption and reduction because no profit is generated since commencement of operation, under the application of the Guofa [2007] No. 39 promulgated by the State Council ("Guofa"), the deemed first profit making year would be in 2008 and therefore, the PRC Enterprise Income Tax rate on these Company's subsidiaries would be 12.5% for three years from 2010.

Certain of the Company's subsidiaries were entitled to enjoy preferential PRC Enterprise Income Tax rate prior to 2008. Under the application of the Guofa as mentioned above, the PRC Enterprise Income Tax rate of those companies that enjoyed such tax benefits would be increased progressively to 25% in five years commencing from 1 January 2008. The applicable PRC Enterprise Income Tax rate for these subsidiaries is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.

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$57,273,000 (for six months ended 30 June 2010: HK$73,668,000) 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

	1.1.2011 to 30.6.2011 HK$'000	1.1.2010 to 30.6.2010 HK$'000
Profit for the period has been arrived at after charging:		
Amortisation of intangible assets (included in cost of sales)	**208**	196
Amortisation of prepaid lease payments	**1,199**	1,735
Depreciation of property, plant and equipment	**26,961**	24,376
Impairment loss recognised on trade receivables	**4,257**	–
Net foreign exchange loss (included in other gains and losses)	**4,462**	170
Loss on disposal of property, plant and equipment	**1**	46
and after crediting:		
Gross rental income from investment properties	**449**	435
Less: Direct operating expenses that generated rental income	**(93)**	(89)
	356	346
Gain on disposal of non-current asset classified as held for sale	**18,926**	–
Interest income	**208**	451
Impairment loss reversed on trade receivables	**–**	1,296
Reversal of allowance for inventories obsolescence (note)	**3,709**	259

Note: Reversal of allowance for inventories obsolescence has been recognised in both periods 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. DIVIDENDS

During the current interim period, a final dividend of HK 0.5 cent per share in respect of the year ended 31 December 2010 (2010: nil) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in current interim period amounted to HK$3,382,000 (2010: nil). 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 2011 is based on the profit for the period attributable to owners of the Company of HK5,396,000 (for six months ended 30 June 2010: HK$4,893,000) and on 676,417,401 (for six months ended 30 June 2010: 676,417,401) 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 2011 by reference to the basis of capitalisation of the relevant net income, resulting an increase in fair value of investment properties of HK$2,270,000 (for six months ended 30 June 2010: HK$1,170,000), which 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$17.5 million (for six months ended 30 June 2010: HK$13.2 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$208,000 (for six months ended 30 June 2010: HK$196,000) had been made for the current period.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	30.6.2011	31.12.2010
	HK$'000	HK$'000
Forward foreign exchange contracts		
Non-current asset		
– Derivative financial asset	**2,087**	–
Current asset		
– Derivative financial asset	**101**	403
Non-current liability		
– Derivative financial liability	**–**	(180)
	2,188	223

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 2011 are as follows:

Notional amount	**Maturity**	**Exchange rate** *(Note)*
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
Buy USD4,000,000 to USD8,000,000	19 December 2012	USD1 to RMB6.46 – 6.65

Note: The Group will earn foreign exchange gain when the expiry reference rate is less than or equal to the range of pivot rates set above. The expiry reference rate is determined by the counterparty banks by reference to the USD/RMB official rate which is publicly available on the expiry date.

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.

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 debts, at the end of the reporting period:

	30.6.2011	31.12.2010
	HK$'000	HK$'000
0 – 30 days	**82,275**	88,973
31 – 60 days	**53,420**	53,613
61 – 90 days	**42,303**	22,314
91 – 180 days	**40,352**	17,889
Over 180 days	**24,603**	6,416
Net trade receivables	**242,953**	189,205
Other receivables	**46,868**	35,888
Total trade and other receivables	**289,821**	225,093

15. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS

The amounts are unsecured, bear interests at the prevailing market borrowing rates and repayable within one year.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	30.6.2011	31.12.2010
	HK$'000	HK$'000
Equity-linked note A	**–**	6,956
Equity-linked notes B	**–**	4,824
	–	11,780

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The equity-linked note A is denominated in United States Dollar ("USD") with principal amount of USD900,000 and the interest accrued on a daily basis was at a fixed rate for the first month and at a predetermined equation at subsequent payment dates. It was subject to mandatory redemption at various intervals until maturity date. The duration and the manner in which it was settled at mandatory termination were linked to the performance of a basket of Taiwan listed equity securities by comparing the market prices with the predetermined prices of these equity securities. Accrued interest was payable on monthly basis. The equity-linked note A was redeemed with a cash consideration of HK$6,975,000 at maturity in May 2011.

The equity-linked notes B were denominated in Renminbi ("RMB") with total principal amount of RMB4,100,000 and the interest accrued on a daily basis. They were revolving every one or two weeks if no application for redemption in writing was noted at maturity dates. The interest rate and the principal amount to be redeemed were determined by the market interest rate and return rate of the performance of the investment in the PRC by the trustees. Accrued interest was payable every one or two weeks. The equity-linked notes B were redeemed with a cash consideration of RMB4,102,000 (equivalent to HK$4,924,000) in February 2011.

As at 31 December 2010, the equity-linked note A and equity-linked notes B were designated as financial assets at fair value through profit or loss upon initial recognition as it contained embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at fair value through profit or loss. The amounts were stated at fair values at the end of the reporting period based on valuation amount provided by the relevant counterparty financial institutions.

17. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	30.6.2011	31.12.2010
	HK$'000	HK$'000
Prepaid lease payments	**–**	13,388

On 8 December 2010, the Group entered into a sale and purchase agreement with an independent third party to dispose of a leasehold land in the PRC with a carrying value of approximately HK$13,388,000 for a consideration of RMB27,142,000 (equivalent to HK$32,587,000). Accordingly, the carrying amount of this prepaid lease payments has been classified as non-current asset held for sale as at 31 December 2010. The sale transaction was completed in April 2011 and gain on disposal of non-current asset classified as held for sale amounting to HK$18,926,000 was recognised in the condensed consolidated statement of comprehensive income during the period.

18. 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:

	30.6.2011 HK$'000	31.12.2010 HK$'000
0 – 30 days	**61,345**	54,705
31 – 60 day	**27,816**	41,773
61 – 90 days	**33,668**	10,161
Over 90 days	**11,078**	19,976
Total trade payables	**133,907**	126,615
Other payables	**97,716**	87,286
Total trade and other payables	**231,623**	213,901

19. BANK BORROWINGS

During the current period, the Group obtained new bank loans of approximately HK$92,829,000 (for six months ended 30 June 2010: HK$126,886,000) and repaid bank loans of HK$93,429,000 (for six months ended 30 June 2010: HK$129,763,000). The proceeds were used to finance the general working capital of the Group.

20. CAPITAL COMMITMENTS

	30.6.2011 HK$'000	31.12.2010 HK$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– plant and machinery	**339**	3,851
– leasehold improvements	**–**	86
	339	3,937

21. RELATED PARTIES TRANSACTIONS

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

Relationship of related parties	Nature of transactions	30.6.2011 HK$'000	30.6.2010 HK$'000
Directors of the Company	Salaries and other benefits	**6,444**	6,527
	Retirement benefit scheme contribution	**24**	29
		6,468	6,556
Close family members of certain directors	Salaries and other benefits	**2,070**	1,866
	Retirement benefit scheme contribution	**18**	18
		2,088	1,884
Non-controlling shareholder	Purchases	**2,969**	–

During the period ended and as at 30 June 2011, Joy Tower Limited (note), a related party of the Group, provide its residential property to secure one of the Group's banking facilities amounting to HK$24,411,000 (31 December 2010: HK$20,473,000). Approximately HK$17,357,000 (31 December 2010: HK$16,473,000) was utilised in respect of this banking facility as at 30 June 2011.

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

22. EVENT AFTER THE END OF THE INTERIM PERIOD

One of the subsidiaries of the Company, Welidy Limited, has entered into a removal remedy agreement on 11 August 2011, which strengthened the terms of the Cooperative Development Framework Agreement previously signed on 14 February 2011, with an independent third party in relation to the joint development of land which is owned by Welidy Limited. As at 30 June 2011, the carrying amounts of the related prepaid lease payments and the factory situated on the piece of land are HK$8,331,000 and HK$28,862,000, respectively. Under the removal remedy arrangement, the Group will hand over the piece of land to the independent third party for development in exchange of certain residential or commercial properties (the "compensated properties"). However, the details of compensation have not been finalised between both parties by the end of the reporting period. Deposit amounting to RMB10,000,000 (equivalent to approximately HK$12,005,000) was received during the period and included in the receipt in advance as at 30 June 2011 and the Group has also received additional deposit of RMB20,000,000 (equivalent to approximately HK$24,010,000) by the date of this report for the proposed joint development project. The deposits are refundable upon the receipt of all the compensated properties.

The development project is still at preliminary stage and subject to the approval by the Chinese government authorities (the "Authority") for the change of usage of land use rights of the land with a plan to redevelop it into business, residential, communal facilities and other properties. As at 30 June 2011, the Directors are of the opinion that the financial impact on the removal remedy arrangement cannot be estimated reliably.

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 21, 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 2011 and the 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 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 Hong Kong Institute of Certified Public Accountants. 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
29 August 2011

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 2011. 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$540,679,000 for the six months ended 30 June 2011, representing an increase of 19.4% or HK$87,895,000 as compared to HK$452,784,000 of the same period last year.

- Gross profit of the Group was HK$45,614,000, representing a decrease of 21.3% or HK$12,341,000 as compared to HK57,955,000 of the same period last year. The gross profit margin was 8.4%, representing a decrease of 4.4% as compared to 12.8% of the same period last year.

- Profit attributable to the shareholders for the period was HK$5,396,000, as compared to a profit of HK$4,893,000 for the same period last year.

- Basic earnings per share was HK0.80 cent, as compared to basic earnings per share of HK0.72 cent for the same period last year.

- The Board does not propose any payment of interim dividends for the six months ended 30 June 2011.

BUSINESS REVIEW

As a whole when comparing with the same period last year, the business turnover of the Group during the period under review showed an increase of 19.4% but the Group's gross profit showed a decreased of 21.3%. The reason is the increase of the cost of production caused by the increase in the price of plastic raw materials, the appreciation of Renminbi and the increase in the welfare of the employee of the PRC.

For the period under review, household products and PVC pipes and fitting business like other traditional production industries in the PRC had experienced the pressure of an increase in the cost of production and severe competition. The main challenge is how to control the cost so as to compete with other competitors. During the period as the Group has strived efforts to improve the production flows and to expand its business scope and at the same time control its production cost there was an increase in the business turnover. However the Group still could not achieve its desired effect in reducing the production cost. The Group will continue to strengthen the management skill and control its production cost so to increase the profit of the Group.

During the period under review, the gain arising from changes in fair value of investment properties was HK$2,270,000.

PROSPECTS

For household products and PVC pipes and fitting business, the Group will continue to strengthen its internal control, improve the production flows and skill and control the production cost. Although competition for the traditional industries is more and more stringent, the Group has confidence that if it can control the cost of production, the profit of the Group will be increased.

The Group has all along concentrated its development in the environmental recycling and reborn resources business and several projects are in progress. The profit margin of traditional industries of the PRC is low as they have to encounter severe competition. But for environmental technological industries, there are comparatively few competitors as they require advanced technologies and patent inventions to support their development and it can thus generate higher profits. If the Group can successfully utilise its technologies and invention patents to develop its business, it may generate good results to the Group in future.

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 2011, the Group had bank balances and cash and pledged bank deposits of approximately HK$66,807,000 (31.12.2010: HK$106,566,000) and had interest-bearing bank borrowings of approximately HK$202,896,000 (31.12.2010: HK$191,201,000). 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 2011 amounted to HK$447,398,000; of which HK$202,896,000 of the banking facilities was utilised (utilisation rate was at 45.4%).

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 2011, the Group had current assets of approximately HK$622,206,000 (31.12.2010: HK$569,455,000). The Group's current ratio was approximately 1.4 as at 30 June 2011 as compared with approximately 1.3 as at 31 December 2010. Total shareholders' funds of the Group as at 30 June 2011 increased by 2.7% to HK$955,087,000 (31.12.2010: HK$930,156,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 30 June 2011 was 0.49 (31.12.2010: 0.48).

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$281,822,000 were pledged to banks for general banking facilities granted to the Group.

STAFF AND EMPLOYMENT

At 30 June 2011, the Group employed a total workforce of about 2,904 (30.6.2010: 2,932) including 2,860 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK$66,663,000 (30.6.2010: HK$51,395,000). 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 2011, 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	38,947,087 [(a)]	28,712,551 [(c)]	280,895,630 [(d)]	350,311,340	51.79%
Fung Mei Po	38,947,087	30,468,623 [(b)]	–	280,895,630 [(d)]	350,311,340	51.79%
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.

DIRECTORS' INTERESTS IN SHARES *(Continued)*

(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.

At 30 June 2011, 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
Fung Mei Po	World Home Linen Manufacturing Company Limited	100
Lee Pak Tung	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 2011, 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 2011, 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 2011.

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 2011, 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 2011, 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 2011, 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 2011.

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 2011. 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 2011.

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, 29 August 2011