



World Houseware (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 713

2013
Interim Report

Contents

Corporate Information	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Report on Review of Condensed Consolidated Financial Statements	25
Management Discussion and Analysis	27
Other Information	30

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
Mr. Lee Kwok Sing Stanley

Non-Executive Directors

Mr. Cheung Tze Man Edward
Mr. Wong Woon Chung Jonathan

Independent Non-Executive Directors

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

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 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL BANKERS

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

AUDITORS

Deloitte Touche Tohmatsu

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
Windard 1
Regatta Office Park
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 2013 together with the comparative figures for the corresponding period in 2012:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

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

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	<i>Notes</i>	30.6.2013 HK\$'000 (Unaudited)	31.12.2012 HK\$'000 (Audited)
Non-current assets			
Investment properties	10	28,590	26,650
Property, plant and equipment	11	657,193	654,905
Prepaid lease payments		84,625	84,558
Deposits paid for acquisition of property, plant and equipment		15,390	13,899
Intangible assets	12	1,247	1,442
Long-term prepayment		21,500	21,500
		808,545	802,954
Current assets			
Inventories		246,907	228,897
Trade and other receivables	13	297,674	282,445
Taxation recoverable		559	559
Pledged bank deposits		6,550	29,364
Bank balances and cash		85,751	84,705
		637,441	625,970
Current liabilities			
Trade and other payables	14	171,568	188,436
Amounts due to directors		21,982	22,252
Taxation payable		2,211	6,319
Bank borrowings – amount due within one year	15	214,263	166,823
		410,024	383,830
Net current assets		227,417	242,140
Total assets less current liabilities		1,035,962	1,045,094

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2013

	<i>Notes</i>	30.6.2013 HK\$'000 (Unaudited)	31.12.2012 HK\$'000 (Audited)
Non-current liabilities			
Bank borrowings – amount due after one year	15	20,607	24,129
Deferred taxation liabilities		4,973	4,831
Deposit received		37,926	37,313
		63,506	66,273
		972,456	978,821
Capital and reserves			
Share capital		67,642	67,642
Reserves		904,831	911,194
Equity attributable to owners of the Company		972,473	978,836
Non-controlling interests		(17)	(15)
		972,456	978,821

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Non-distributable reserve HK\$'000 (Note a)	Share option reserve HK\$'000	Translation reserve HK\$'000	PRC statutory surplus reserve HK\$'000 (Note b)	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2013 (audited)	67,642	313,127	251,393	13,074	318,193	17,377	(1,970)	978,836	(15)	978,821
Loss for the period	-	-	-	-	-	-	(25,851)	(25,851)	(2)	(25,853)
Other comprehensive income for the period	-	-	-	-	19,488	-	-	19,488	-	19,488
Total comprehensive income (expense) for the period	-	-	-	-	19,488	-	(25,851)	(6,363)	(2)	(6,365)
Transfers	-	-	-	-	-	(35)	35	-	-	-
At 30 June 2013 (unaudited)	67,642	313,127	251,393	13,074	337,681	17,342	(27,786)	972,473	(17)	972,456
At 1 January 2012 (audited)	67,642	313,127	251,393	4,869	309,626	14,837	(9,700)	951,794	3,138	954,932
Profit for the period	-	-	-	-	-	-	4,964	4,964	(221)	4,743
Other comprehensive expense for the period	-	-	-	-	(12,974)	-	-	(12,974)	(14)	(12,988)
Total comprehensive (expense) income for the period	-	-	-	-	(12,974)	-	4,964	(8,010)	(235)	(8,245)
Transfers	-	-	-	-	-	(143)	143	-	-	-
Acquisition of additional interest in a subsidiary (note 18)	-	-	-	-	-	-	(686)	(686)	(487)	(1,173)
Disposal of a subsidiary (note 18)	-	-	-	-	-	-	-	-	(2,429)	(2,429)
At 30 June 2012 (unaudited)	67,642	313,127	251,393	4,869	296,652	14,694	(5,279)	943,098	(13)	943,085

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 2013

	1.1.2013 to 30.6.2013 HK\$'000 (Unaudited)	1.1.2012 to 30.6.2012 HK\$'000 (Unaudited)
Net cash (used in) generated from operating activities	(37,763)	20,723
Net cash from (used in) investing activities		
Deposits paid for acquisition of property, plant and equipment	(19,646)	(5,770)
Purchase of property, plant and equipment	(4,171)	(11,279)
Placement of pledged bank deposits	(130)	(10,321)
Withdrawal of pledged bank deposits	23,093	17,041
Proceeds from disposal of property, plant and equipment	727	699
Other investing cash flows	718	926
Net proceeds from disposal of a subsidiary	<i>18</i> -	2,144
	591	(6,560)
Net cash from (used in) financing activities		
Bank loans raised	142,451	79,404
Repayment of bank loans	(93,642)	(86,690)
Repayment to directors	(270)	(200)
Other financing cash flows	(12,024)	(9,249)
	36,515	(16,735)
Net decrease in cash and cash equivalents	(657)	(2,572)
Cash and cash equivalents at 1 January	84,705	72,554
Effect of foreign currency rate changes	1,703	(684)
Cash and cash equivalents at 30 June, represented by bank balances and cash	85,751	69,298

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 13 Fair value measurement

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

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

The directors of the Company reviewed and assessed the application of this standard in the current interim period and concluded that it has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

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

3. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS 8 are as follows:

Household products	–	manufacture and distribution of household products
PVC pipes and fittings	–	manufacture and distribution of PVC pipes and fittings
Others	–	investment in properties

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

Six months ended 30 June 2013 (unaudited)

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover					
Sales of goods					
External sales	186,126	260,923	–	–	447,049
Inter-segment sales	311	388	–	(699)	–
Rental income	–	–	950	–	950
Total segment revenue	186,437	261,311	950	(699)	447,999
Segment (loss) profit	(16,952)	5,930	2,858	–	(8,164)
Interest income					718
Unallocated corporate expenses					(10,547)
Finance costs					(5,562)
Loss before taxation					(23,555)

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

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2012 (unaudited)

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover					
Sales of goods					
External sales	218,180	287,491	-	-	505,671
Inter-segment sales	223	179	-	(402)	-
Rental income	-	-	400	-	400
Total segment revenue	218,403	287,670	400	(402)	506,071
Segment profit	6,904	7,823	1,460	-	16,187
Gain arising from changes in fair value of derivative financial instruments					3,968
Gain on disposal of a subsidiary					1,424
Interest income					228
Unallocated corporate expenses					(9,292)
Finance costs					(4,427)
Profit before taxation					8,088

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

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

4. OTHER GAINS AND LOSSES

	1.1.2013 to 30.6.2013 HK\$'000 (Unaudited)	1.1.2012 to 30.6.2012 HK\$'000 (Unaudited)
Gain arising from changes in fair value of investment properties	1,940	1,300
Gain arising from changes in fair value of derivative financial instruments	–	3,968
Loss on disposal of property, plant and equipment	(463)	(506)
Gain on disposal of a subsidiary (<i>note 18</i>)	–	1,424
Net foreign exchange (loss) gain	(4,884)	3,800
	(3,407)	9,986

5. FINANCE COSTS

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

6. TAXATION

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

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the periods under review. The PRC EIT is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 25% for both periods under review.

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

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$87,928,000 (for six months ended 30 June 2012: HK\$63,589,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. (LOSS) PROFIT FOR THE PERIOD

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

8. DIVIDENDS

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

9. (LOSS) EARNINGS PER SHARE

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

	1.1.2013	1.1.2012
	to	to
	30.6.2013	30.6.2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) earnings for the purposes of calculating basic and diluted (loss) earnings per share ((loss) profit for the period attributable to owners of the Company)	(25,851)	4,964
	1.1.2013	1.1.2012
	to	to
	30.6.2013	30.6.2012
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	676,417,401	676,417,401
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company to directors of the Company and employees of the Group	–	1,418,848
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	676,417,401	677,836,249

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

10. INVESTMENT PROPERTIES

The Group's investment properties were fair valued by an independent professional valuer at 30 June 2013 by reference to comparable market transactions and where appropriate on the basis of capitalisation of the relevant net income, resulting an increase in fair value of investment properties of HK\$1,940,000 (for six months ended 30 June 2012: HK\$1,300,000), which has been recognised directly in profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group spent HK\$2,899,000 (for six months ended 30 June 2012: HK\$7,969,000) on purchase of property, plant and equipment and HK\$1,272,000 (for six months ended 30 June 2012: HK\$3,310,000) on construction costs of a new manufacturing plant 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\$219,000 (for six months ended 30 June 2012: HK\$214,000) had been made for the current period.

13. TRADE AND OTHER RECEIVABLES

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

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

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

14. TRADE AND OTHER PAYABLES

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

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

15. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of approximately HK\$142,451,000 (for six months ended 30 June 2012: HK\$79,404,000) and repaid bank loans of HK\$93,642,000 (for six months ended 30 June 2012: HK\$86,690,000). The proceeds were used to finance the general working capital of the Group. Certain bank borrowings were secured by pledged bank deposits and certain non-current assets amounting to approximately HK\$153,997,000 (for six months ended 30 June 2012: HK\$182,003,000).

16. CAPITAL COMMITMENTS

	30.6.2013	31.12.2012
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– plant and machinery	10,510	30,037
– buildings	19,634	–
	30,144	30,037

17. RELATED PARTIES TRANSACTIONS

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

Relationship of related parties	Nature of transactions	30.6.2013	30.6.2012
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Directors of the Company (four of them are controlling shareholders of the Company and the remaining are shareholders of the Company)	Salaries and other benefits	7,746	6,444
	Retirement benefit scheme contributions	30	19
		7,776	6,463
Close family members of one director (the director is a controlling shareholder of the Company)	Salaries and other benefits	1,380	2,070
	Retirement benefit scheme contributions	15	18
		1,395	2,088

17. RELATED PARTIES TRANSACTIONS *(Continued)*

During the period ended 30 June 2013, Joy Tower Limited (*note*), a related party of the Group, provided its residential property to secure one of the Group's banking facilities amounting to HK\$23,562,000 (31 December 2012: HK\$23,562,000). Approximately HK\$16,385,000 of this banking facility was utilised as at 30 June 2013 (31 December 2012: HK\$17,473,000).

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

18. ACQUISITION OF ADDITIONAL INTEREST OF A SUBSIDIARY/DISPOSAL OF A SUBSIDIARY

On 7 January 2012, the Group acquired an additional 19% equity interest in South China Reborn Cotton Yarn (Wuzhou) Company Limited ("South China Reborn (Wuzhou)"), a subsidiary of the Company, principally engaged in manufacturing of cotton yarn, from a non-controlling shareholder of South China Reborn (Wuzhou) for a consideration of approximately HK\$1,173,000. A difference between the decrease in the carrying amount of the non-controlling interest and the consideration of approximately HK\$686,000 was debited to retained profits in the condensed consolidated statement of changes in equity. After the transaction, the Group's equity interest in South China Reborn (Wuzhou) was increased from 51% to 70%.

On 19 April 2012, the Group entered into a sale and purchase agreement with another non-controlling shareholder of South China Reborn (Wuzhou) to dispose of its 70% equity interest of South China Reborn (Wuzhou) for a consideration of approximately HK\$4,000,000. The disposal was completed on 21 May 2012, on which date the Group lost control of South China Reborn (Wuzhou). The gain on disposal of a subsidiary has been recognised in profit or loss of the condensed consolidated statement of profit or loss and other comprehensive income.

18. ACQUISITION OF ADDITIONAL INTEREST OF A SUBSIDIARY/DISPOSAL OF A SUBSIDIARY
(Continued)

	Net asset value at the date of disposal HK\$'000
Net assets disposed of	
Property, plant and equipment	6,471
Inventories	545
Trade and other receivables	5,234
Bank balances and cash	683
Trade and other payables	(5,923)
Amount due to a fellow subsidiary	(1,975)
	5,035
Less: Non-controlling interests	(2,429)
	2,606
Net assets disposed of	2,606
Reclassification of cumulative translation reserve upon disposal of a subsidiary to profit or loss	(30)
Gain on disposal	1,424
	4,000
Total consideration	4,000
Satisfied by:	
Cash	2,827
Amount due to former non-controlling shareholder of South China Reborn (Wuzhou)	1,173
	4,000
Net cash inflow arising on disposal:	
Cash consideration received	2,827
Less: Bank balances and cash disposed of	(683)
	2,144
	2,144

18. ACQUISITION OF ADDITIONAL INTEREST OF A SUBSIDIARY/DISPOSAL OF A SUBSIDIARY
(Continued)

As part of the sale and purchase agreement for the disposal of South China Reborn (Wuzhou) to the non-controlling shareholder dated 19 April 2012, the non-controlling shareholder agreed to assume the liability of HK\$1,173,000 owing to the former non-controlling shareholder of South China Reborn (Wuzhou) as part settlement of the total purchase consideration.

19. OTHER MATTERS

On 14 February 2011, one of the subsidiaries of the Company, Welidy Limited (“Welidy”), has entered into a cooperative development framework agreement with an independent third party property developer in relation to the redevelopment of land which is owned by Welidy and the factory situated on the piece of land which is currently in use as one of the production plants by one of the subsidiaries of the Company, World Plastic Mat (Baoan) Company Limited (“World (Baoan)”).

On 11 August 2011, Welidy further entered into a provisional removal remedy agreement (“provisional removal remedy agreement”) with the same independent third party. Under the provisional removal remedy agreement, the Group will hand over the above mentioned piece of land to the independent third party for development in exchange for certain residential or commercial properties (the “compensated properties”) constructed after the redevelopment of land. However, the details of compensation have not been finalised between both parties and the official removal remedy agreement has not been entered into between Welidy, the property developer and the PRC government authorities by the end of the reporting period.

19. OTHER MATTERS *(Continued)*

As at 30 June 2013, the carrying amounts of the related prepaid lease payments and the factory situated on the piece of land are HK\$7,837,000 (31 December 2012: HK\$7,911,000) and HK\$24,026,000 (31 December 2012: HK\$25,200,000), respectively. Deposit amounting to RMB30,000,000 (equivalent to approximately HK\$37,926,000 (31 December 2012: HK\$37,313,000)) was received by the Group during the year ended 31 December 2011. The deposits are refundable upon the receipt of all the compensated properties or acknowledgement from PRC government authorities on the termination of development project. During the year ended 31 December 2011, the Group also prepaid HK\$21,500,000 for legal consultancy services to be provided by a PRC lawyer in respect of this redevelopment project. The directors of the Company are of the opinion that the development project is still at preliminary stage and conditional upon the approval by the PRC government authorities for the change of usage of land use rights of the land with a plan to redevelop it from industrial properties into residential, communal facilities and other commercial properties. Taking into account the status of the project, both the prepayment and the deposit received were classified as non-current as at 30 June 2013 and 31 December 2012 as the directors of the Company believe that the redevelopment project will not be completed within one year from the end of the reporting period.

As at 30 June 2013, the directors are of the opinion that the financial impact of the redevelopment project cannot be estimated reliably.

Report on Review of Condensed Consolidated Financial Statements

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 condensed consolidated financial statements of World Houseware (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 3 to 24, which comprises the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 August 2013

Management Discussion and Analysis

RESULTS

The Board of Directors (the “Board”) of World Houseware (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013. This interim results announcement has been approved by the Board and the Audit Committee of the Company.

- The Group recorded a consolidated turnover of HK\$447,999,000 for the six months ended 30 June 2013, representing a decrease of 11.5% or HK\$58,072,000 as compared to HK\$506,071,000 of the same period last year.
- Gross profit of the Group was HK\$45,763,000, representing an decrease of 24.2% or HK\$14,642,000 as compared to HK\$60,405,000 of the same period last year. The gross profit margin was 10.2%, representing a decrease of 1.7% as compared to 11.9% of the same period last year.
- Loss attributable to the owners of the Company for the period was HK\$25,851,000, as compared to a profit of HK\$4,964,000 for the same period last year.
- Basic loss per share was HK3.82 cents, as compared to basic earnings per share of HK0.73 cent of the same period last year.
- The Board does not propose any payment of interim dividends for the six months ended 30 June 2013.

BUSINESS REVIEW

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

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

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

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

PROSPECTS

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

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

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, terms loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 30 June 2013, the Group had bank balances and cash and pledged bank deposits of approximately HK\$92,301,000 (31.12.2012: HK\$114,069,000) and had interest-bearing bank borrowings of approximately HK\$234,870,000 (31.12.2012: HK\$190,952,000). The Group's interest-bearing bank borrowings were mainly computed at Hong Kong Inter-Bank Offering Rate plus a margin. The Group's total banking facilities available as at 30 June 2013 amounted to HK\$459,996,000; of which HK\$234,870,000 of the banking facilities was utilised (utilisation rate was at 51.1%).

The Group continued to conduct its business transactions principally in Hong Kong dollars, US dollars and Renminbi. The Group's exposure to the foreign exchange fluctuations has not experienced any material difficulties in the operations or liquidity as a result of fluctuations in currency exchange.

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

CHARGES ON ASSETS

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

STAFF AND EMPLOYMENT

At 30 June 2013, the Group employed a total workforce of about 2,186 (30.6.2012: 2,372) including 2,141 staff in our factories located in the PRC. The total staff remuneration incurred during the period was HK\$64,003,000 (30.6.2012: HK\$53,574,000). It is the Group's policy to review its employees' pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industries. It is the Group's policy to encourage its subsidiaries to send the management and staff to attend training classes or seminars that related to the Group's business. Tailor made internal training program was also provided to staff in our PRC factories.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 30 June 2013, the interests of the directors, chief executive and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of directors	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	39,121,087 ^(a)	28,712,551 ^(c)	280,895,630 ^(d)	350,485,340	51.81%	
Fung Mei Po	39,121,087	30,468,623 ^(b)	-	280,895,630 ^(d)	350,485,340	51.81%	
Lee Chun Sing	21,815,830	240,000 ^(e)	-	280,895,630 ^(d)	302,951,460	44.79%	
Lee Kwok Sing Stanley	17,280	-	-	280,895,630 ^(d)	280,912,910	41.53%	
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	-	

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Continued)*

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, Madam Fung Mei Po and Mr. Lee Kwok Sing Stanley are discretionary objects.
- (e) The shares are held by Madam Lai Lai Wah, the wife of Mr. Lee Chun Sing whose personal interests are also the family interests of Mr. Lee Chun Sing.

At 30 June 2013, the following directors had personal interests in the deferred non-voting shares of certain subsidiaries of the Company:

Name of directors	Name of subsidiaries	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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Continued)*

At 30 June 2013, 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 2013, 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 2013.

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 2013, 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

The following table discloses movements in the Company's share option during the six months ended 30 June 2013:

	Date of grant	Exercise price HK\$ (Note 1)	Exercisable period	Outstanding as at 31.12.2012 and 30.06.2013
Category 1: Directors				
Lee Tat Hing	24.10.2011	0.237	24.10.2011 to 23.10.2021	6,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000
Fung Mei Po	24.10.2011	0.237	24.10.2011 to 23.10.2021	6,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000
Lee Chun Sing	24.10.2011	0.237	24.10.2011 to 23.10.2021	6,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000
Lee Kwok Sing Stanley	24.10.2011	0.237	24.10.2011 to 23.10.2021	5,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	6,500,000
Lee Pak Tung	24.10.2011	0.237	24.10.2011 to 23.10.2021	2,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	3,000,000
Chan Lai Kuen Anita	24.10.2011	0.237	24.10.2011 to 23.10.2021	2,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	3,000,000
Cheung Tze Man Edward	24.10.2011	0.237	24.10.2011 to 23.10.2021	1,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	1,000,000
Tsui Chi Him Steve	24.10.2011	0.237	24.10.2011 to 23.10.2021	600,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	600,000
Hui Chi Kuen Thomas	24.10.2011	0.237	24.10.2011 to 23.10.2021	600,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	600,000
Ho Tak Kay	24.10.2011	0.237	24.10.2011 to 23.10.2021	600,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	600,000
Category 2: Employees	24.10.2011	0.237	24.10.2011 to 23.10.2021	17,000,000
	12.11.2012	0.309	12.11.2012 to 11.11.2022	20,500,000
				102,100,000

Note 1: These share options are exercisable, starting from the date of options granted for a period of 10 years.

Save as disclosed above, none of the above share options were exercised since the date of grant.

Other than as disclosed above at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

During the six months ended 30 June 2013, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR OTHER SIMILAR RIGHTS

Other than the share options as described above, the Company had no convertible securities, options, warrants or other similar rights in issue during the period or at 30 June 2013.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2013. The unaudited interim results have also been reviewed by the Company's external auditor.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the Directors' opinion, the Company has applied the principles and complied with all the applicable code provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the first six months ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

By Order of the Board

Lee Tat Hing

Chairman

Hong Kong, 20 August 2013