WARDERLY INTERNATIONAL HOLDINGS LIMITED
匯多利國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 607)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2008

The board (the "Board") of directors (the "Directors") of Warderly International Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2008, together with the comparative figures for the previous year prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 April 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	3	**1,285**	187,384
Cost of sales		**(1,285)**	(249,548)
Gross loss		**–**	(62,164)
Other income		**42**	7,363
Distribution costs		**–**	(12,489)
Administrative expenses		**(9,632)**	(52,002)
Allowance for doubtful debts		**–**	(18,398)
Interest in and advance to an associate written off		**–**	(2,580)
Gain on deconsolidation of subsidiaries	4	**21,127**	–
Finance costs	5	**(13,162)**	(15,136)
Loss of a PRC factory	6	**–**	(528,852)
Loss before taxation	7	**(1,625)**	(684,258)
Taxation	8	**–**	(23,101)
Loss for the year attributable to equity holders of the Company		**(1,625)**	(707,359)
Dividend	9	**–**	–
Loss per share	10		
– Basic		**(0.39) HK cents**	HK$(1.68)
– Diluted		**N/A**	N/A

* *for identification purpose only*

CONSOLIDATED BALANCE SHEET

At 30 April 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		–	117,539
Prepaid lease payments		–	616
		–	118,155
CURRENT ASSETS			
Prepaid lease payments		–	14
Trade and other receivables	11	**1,285**	6,023
Bank balances and cash		**56**	7,006
		1,341	13,043
CURRENT LIABILITIES			
Trade and other payables	12	**26,071**	135,712
Guarantor's liability and accrued liability for potential claims	13	**319,019**	–
Bank borrowings		**20,463**	307,346
Bank overdrafts		**1,997**	10,440
Taxation payable		**31,521**	44,858
		399,071	498,356
NET CURRENT LIABILITIES		**(397,730)**	(485,313)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(397,730)**	(367,158)
NON-CURRENT LIABILITY			
Deferred tax liabilities		–	222
NET LIABILITIES		**(397,730)**	(367,380)
CAPITAL AND RESERVES			
Share capital		**4,220**	4,220
Reserves		**(401,989)**	(371,639)
Capital deficiencies attributable to equity holders of the Company		**(397,769)**	(367,419)
Minority interest		**39**	39
Capital deficiencies		**(397,730)**	(367,380)

Notes:

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revised) of the Cayman Islands. Its shares (the "Shares") are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company and provides corporate management services. The principal activities of its principal subsidiaries are trading of household electrical appliances, audio-visual products and kitchenware.

Trading in the Shares on the Stock Exchange has been suspended since 14 May 2007 at the request of the Securities and Futures Commission in Hong Kong (the "SFC") pursuant to sub-Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules (subsidiary legislation V of Chapter 571 of the Laws of Hong Kong).

The consolidated financial statements are presented in Hong Kong dollar which is the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, as modified for leasehold buildings which are measured at revalued amounts.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

In addition, the consolidated financial statements include applicable disclosures required by the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

In the current year, the Group has applied, for the first time, a number of new standards, amendment and interpretations ("new HKFRSs") issued by the HKICPA. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations in issue at the date of authorisation of these consolidated financial statements that are not yet effective. The Directors anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[1]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]

[1] Effective for annual periods beginning on or after 1 January 2008
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 July 2008
[5] Effective for annual periods beginning on or after 1 October 2008

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of its net liabilities of approximately HK$398 million as at 30 April 2008.

Trading in the Shares on the Stock Exchange has been suspended since 14 May 2007 at the request of the SFC. The Company submitted the proposal (the "Resumption Proposal") in relation to the resumption of trading in the Shares to the Stock Exchange and the SFC on 30 September 2008.

As part of the Resumption Proposal, the Company proposed to settle all amounts due to the creditors of the Company (the "Creditors") by way of the schemes of arrangement to be made between the Company and the Creditors (the "Schemes"). To fulfil the funding needs for the implementation of the Schemes and to provide general working capital for the Group's operations, the Company proposed to raise HK$84.4 million, before expenses, by way of the open offer of zero coupon convertible notes (the "Offer Convertible Notes") with an aggregate principal amount of HK$84.4 million (the "Open Offer"). If the conversion rights attaching to the Offer Convertible Notes are fully exercised at the conversion price of HK$0.05 per Share, an aggregate of 1,688,000,000 new Shares will be allotted and issued.

The proceeds from the Open Offer of HK$84.4 million will be used as to (i) approximately HK$37 million for the full settlement of all amounts due to the Creditors pursuant to the Schemes; (ii) approximately HK$7.7 million for the repayment of shareholder's loan due to Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), a controlling shareholder of the Company, which were/will be used as general working capital of the Group and settlement of professional fees and costs in relation to the Schemes and the Open Offer; and (iii) the remaining amount for the general working capital of the Group.

The Open Offer is only available to the shareholders (the "Qualifying Shareholders") on the register of members of the Company on the date for the determination of the entitlements under the Open Offer (the "Record Date") and whose registered addresses as shown on such register on the Record Date are in Hong Kong.

Mr. Kan, who is beneficially interested in approximately 36.03% of the entire issued share capital of the Company as at 30 April 2008, is the underwriter to the Open Offer. Pursuant to the underwriting agreement dated 8 October 2008 entered into between the Company and Mr. Kan (the "Underwriting Agreement"), Mr. Kan has conditionally agreed to underwrite those Offer Convertible Notes not having been subscribed by the Qualifying Shareholders.

The Open Offer is conditional and fully underwritten by Mr. Kan. In particular, the Open Offer is conditional upon the lifting of the suspension of trading in the Shares on the Stock Exchange by the SFC, the approval of the Resumption Proposal from the Stock Exchange having been obtained, the Schemes being sanctioned by the Court of First Instance of the High Court of Hong Kong and the Grand Court of the Cayman Islands (as the case may be), the approval of the Open Offer and transactions contemplated thereunder by the independent shareholders of the Company, by way of a poll, at the extraordinary general meeting of the Company, and the Underwriting Agreement becoming unconditional. Accordingly, the Open Offer may or may not proceed.

The Directors consider the conditions precedent to the Open Offer will be satisfied and the Company's liabilities will be settled pursuant to the Schemes. Accordingly, the Directors are satisfied with the financial position of the Group and consider the preparation of the consolidated financial statements on a going concern basis as appropriate.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the fair value of the amounts received and receivable for goods sold to outside customers less returns and allowances during the year.

All of the Group's turnover, assets and liabilities were derived from the manufacturing and trading of household electrical appliances and audio-visual products and trading of kitchenware. The turnover, loss and assets attributable to the manufacturing and trading of audio-visual products and the trading of kitchenware contributed to less than 10% of the Group's turnover, loss and assets. Accordingly, no analysis of financial information by business segment is presented.

The Group's turnover for the year and segment assets and liabilities were derived solely in Asia. Accordingly, no analysis of financial information by geographical market is presented. An analysis of the Group's turnover and loss for the year and segment assets and liabilities by geographical market, irrespective of the origin of the goods, for the year ended 30 April 2007, is as follows:

Geographical Segments

	Europe *HK$'000*	**Asia** *HK$'000*	**North America** *HK$'000*	**Australia and New Zealand** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated Total** *HK$'000*
For the year ended 30 April 2007						
TURNOVER						
External sales	**123,583**	**29,782**	**32,224**	**1,795**	**–**	**187,384**
Inter-segment sales	**–**	**126,445**	**–**	**–**	**(126,445)**	**–**
Total	**123,583**	**156,227**	**32,224**	**1,795**	**(126,445)**	**187,384**
RESULT						
Segment results	**(51,775)**	**(17,873)**	**(10,374)**	**(701)**	**–**	**(80,723)**
Unallocated other operating income						**7,363**
Unallocated corporate expenses						**(595,762)**
Finance costs						**(15,136)**
Loss before taxation						**(684,258)**
Taxation						**(23,101)**
Loss for the year						**(707,359)**
Assets and liabilities at 30 April 2007						
ASSETS						
Segment assets	**–**	**6,023**	**–**	**–**	**–**	**6,023**
Unallocated corporate assets						**125,175**
Consolidated total assets						**131,198**
LIABILITIES						
Segment liabilities	**9,164**	**74,863**	**–**	**321**	**–**	**84,348**
Unallocated corporate liabilities						**414,230**
Consolidated total liabilities						**498,578**

No analysis of the carrying amounts of segment assets nor additions to property, plant and equipment by geographical location is prepared as substantially all the property, plant and equipment are located in the People's Republic of China (the "PRC") and Hong Kong.

4. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

The Group held 100% equity interest in Dongguan Kalee Electrical Co., Ltd. ("Dongguan Kalee") and Housely Industries Limited ("Housely Industries"), which were incorporated in the PRC and Hong Kong respectively. The Directors considered that the control over Dongguan Kalee and Housely Industries has been lost as (i) the factory of Dongguan Kalee was sealed up and closed down by the People's Court in Dongguan City of Guangdong Province in April 2007 and Dongguan Intermediate People's Court ordered that Dongguan Kalee be liquidated for settlement of the debts by sale of the factory, land, together with the plant and equipment therein through auction in May 2008, and (ii) on 23 January 2008, the High Court of Hong Kong ordered Housely Industries be wound up.

For the purpose of appropriate presentation and in order to allow the public to evaluate the performance of the Group, Dongguan Kalee and Housely Industries were excluded from consolidation with effect from 1 May 2007 and 1 February 2008 respectively. The details of gain on deconsolidation of subsidiaries were as follows:

	Dongguan Kalee	**Housely Industries**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	114,669	2,870	117,539
Prepaid lease payments	630	–	630
Amount due from an ultimate holding company	2,274	–	2,274
Bank balances and cash	996	2,713	3,709
Trade and other payables	(100,885)	(18,610)	(119,495)
Taxation payable	(12,888)	(449)	(13,337)
Bank borrowings	(2,522)	(288,127)	(290,649)
Bank overdrafts	–	(9,242)	(9,242)
Deferred tax liability	–	(222)	(222)
Net assets/(liabilities) deconsolidated	2,274	(311,067)	(308,793)
Release of translation reserve	(28,725)	–	(28,725)
	(26,451)	(311,067)	(337,518)
Guarantor's liability and accrued liability for potential claims *(Note)*			316,391
Gain on deconsolidation of subsidiaries			(21,127)

Note:

The Company provided corporate guarantees to certain banks to secure the banking facilities granted to Housely Industries and Dongguan Kalee. As Housely Industries had net liabilities and Housely Industries and Dongguan Kalee were in default on payment of such bank borrowings and overdrafts, the Group recognised a liability of HK$299,891,000, equivalent to the outstanding bank borrowings and overdrafts and accrued interest thereon of Housely Industries and Dongguan Kalee, to reflect its obligations under the guarantee arrangements. In addition, the Group accrued an amount of HK$16,500,000 for potential claims against the Group by the creditors of Housely Industries.

5. FINANCE COSTS

	2008 *HK$'000*	2007 *HK$'000*
Interest on:		
Bank borrowings and overdrafts wholly repayable within five years	**10,534**	15,067
Guarantor's liability	**2,628**	–
Finance leases	**–**	69
	13,162	15,136

6. LOSS OF A PRC FACTORY

The Group's factory (the "PRC Factory") situated in Dongguan, Guangdong Province, the PRC is owned and run by its wholly-owned subsidiary, Dongguan Kalee whose production was ceased during the year ended 30 April 2007 due to the insolvency of Dongguan Kalee to pay its debts and liabilities.

In April 2007, the PRC Factory was sealed up and closed down by the People's Court in Dongguan City of Guangdong Province following the claims by Dongguan Kalee's creditors. Due to the sealing up of the PRC Factory together with the plant and equipment therein, the manufacturing operations of Dongguan Kalee ceased. Dongguan Kalee filed to Dongguan Intermediate People's Court (the "Court") an application for insolvency, which was accepted by the Court in December 2007. During the period of insolvency, the debt restructuring arrangement proposed by Dongguan Kalee was not accepted by its creditors. The liquidator on behalf of the creditors filed an application to the Court for liquidated settlement of debts. In May 2008, the Court ordered that Dongguan Kalee be liquidated for settlement of the debts by sale of the PRC Factory, land, together with the plant and equipment therein, through auction.

In view of the foregoing, the Directors will not contemplate a debt restructuring arrangement of the indebtedness of Dongguan Kalee and intend to liquidate Dongguan Kalee after the sale of the PRC Factory, land, together with the plant and equipment therein to discharge the claims by its creditors. Accordingly, the Group (i) wrote down the inventories of Dongguan Kalee as at 30 April 2007 to zero value; (ii) provided an allowance for doubtful debts for all the outstanding receivables of Dongguan Kalee as at 30 April 2007; (iii) provided certain provisions for losses; and (iv) recognised an impairment loss to write down the PRC Factory, together with the plant and equipment therein, of Dongguan Kalee as at 30 April 2007 to an aggregate value equivalent to the carrying amounts of the subsidiary's total liabilities less prepaid lease payments and bank balances and cash on the same date.

The assets and liabilities of Dongguan Kalee included in the consolidated balance sheet as at 30 April 2007 are as follows:

	HK$'000
Property, plant and equipment	114,669
Prepaid lease payments	630
Amount due from an ultimate holding company	2,274
Bank balances and cash	996
Trade and other payables	(100,885)
Taxation payable	(12,888)
Bank borrowings	(2,522)
	2,274

The aforementioned write-down of inventories, allowance for doubtful debts, provisions for losses and impairment loss on property, plant and equipment were included in loss of a PRC Factory shown on the consolidated income statement.

7. LOSS BEFORE TAXATION

	2008	2007
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Auditors' remuneration	**400**	580
Depreciation of property, plant and equipment	**–**	57,968
Allowance for doubtful debts – *Note (a)*	**–**	33,825
Operating lease rentals in respect of rented premises	**–**	1,465
Release of prepaid lease payments	**–**	14
Staff costs, including directors' emoluments	**3,774**	23,650
Retirement benefits scheme contributions, including directors	**65**	749
Loss on disposal of fair value through profit and loss investments	**–**	28
Write-down of inventories – *Note (b)*	**–**	177,323
Loss on disposal of property, plant and equipment	**–**	2,517
Impairment loss recognised in respect of property, plant and equipment – *Note (b)*	**–**	239,838
and after crediting:		
Gain on disposal of held for trading investments	**–**	502
Interest income	**–**	151

Notes:

(a) Amount of HK$15,427,000 was included in the loss of a PRC Factory.

(b) These items were included in the loss of a PRC Factory.

8. TAXATION

	2008	2007
	HK$'000	*HK$'000*
The taxation charge comprises:		
Hong Kong Profits Tax		
– Under-provision in prior years	**–**	31,775
PRC enterprise income tax	**–**	298
	–	32,073
Deferred taxation	**–**	(8,972)
	–	23,101

No provision for Hong Kong Profits tax and PRC enterprise income tax has been made in the consolidated financial statements as the Group did not have any assessable profit for the year.

Hong Kong Profits Tax and PRC enterprise income tax were calculated at 17.5% and 27% respectively, on the respective estimated assessable profits for preceding year.

The under-provision of Hong Kong Profits Tax for 2007 was primarily related to a change in estimate by the Directors of the likely outcome of a subsidiary's offshore claims and depreciation claims of certain plant and machineries used in the PRC in prior years as a result of certain assessments issued by the Inland Revenue Department to the Group.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for both years.

10. LOSS PER SHARE

The calculation of the basic loss per Share attributable to the equity shareholders of the Company for the year is based on the loss for the year of HK$1,625,000 (2007: HK$707,359,000) and on the 422,000,000 (2007: 422,000,000) Shares in issue.

The calculation of diluted loss per Share did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the Share during both years before the suspension of trading in Shares on the Stock Exchange in May 2007.

11. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**1,285**	11,416
Less: Allowance for doubtful debts	**–**	(5,393)
	1,285	6,023
Other receivables	**–**	28,432
Less: Allowance for doubtful debts	**–**	(28,432)
	–	–
Total trade and other receivables	**1,285**	6,023

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days.

The aged analysis of trade receivables (based on invoice date and before allowance for doubtful debts) is as follows:

	2008	2007
	HK$'000	*HK$'000*
Aged:		
0 to 90 days (not past due nor impaired)	**1,285**	6,023
Over 180 days (past due and impaired)	**–**	5,393
Total trade receivables	**1,285**	11,416

Movements of the allowance for doubtful debts during the current and prior years were as follows:

	2008	2007
	HK$'000	*HK$'000*
At beginning of the year	**33,825**	2,560
Provided for the year	**–**	33,825
Trade and other receivables written off	**(5,796)**	(2,560)
Eliminated on deconsolidation of subsidiaries	**(28,029)**	–
At end of the year	**–**	33,825

The Directors consider the carrying amounts of trade and other receivables approximate their fair values.

12. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**1,596**	81,148
Other payables	**22,201**	51,257
Amounts due to directors	**–**	3,307
Amounts due to a deconsolidated subsidiary	**2,274**	–
	26,071	135,712

The aged analysis of the Group's trade payables at the balance sheet date is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 90 days	**1,285**	5,116
91 to 180 days	**–**	34,201
Over 180 days	**311**	41,831
	1,596	81,148

The amount due to a deconsolidated subsidiary is interest-free, unsecured and repayable on demand.

The Directors consider the carrying amounts of trade and other payables approximate their fair values.

13. GUARANTOR'S LIABILITY AND ACCRUED LIABILITY FOR POTENTIAL CLAIMS

The amount represents the liability arising from the guarantee arrangements between the Company and Housely Industries and Dongguan Kalee and the accrued liability for potential claims against the Group of HK$316,391,000 as disclosed in note 4 to this announcement and the accrued interest of HK$2,628,000 on the outstanding bank borrowings and overdrafts of Housely Industries and Dongguan Kalee of which the Company acts as a guarantor for the period from the respective time Housely Industries and Dongguan Kalee were excluded from consolidation to April 2008.

14. **EVENTS AFTER THE BALANCE SHEET DATE**

(a) On 23 July 2008, the Commissioner of Inland Revenue commenced proceedings in the District Court of Hong Kong under DCTC 5918 of 2008 against Tacho Company Limited for approximately HK$3,206,000, interest and costs. The amount of approximately HK$3,206,000 represented tax surcharge for the unpaid taxes of approximately HK$32,682,000. The claim has not been settled as at the date of this announcement and the Group has provided for the liabilities in the consolidated financial statements for the year.

(b) On 8 October 2008, the Company announced the proposed Open Offer of the Offer Convertible Notes in the aggregate principal amount of HK$84.4 million. Details of the Open Offer are set out in note 2 to this announcement.

OPINION ON INDEPENDENT AUDITOR'S REPORT

Extracts from the report of independent auditor of the Company, PKF, are set out as below:

"Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group as at 30 April 2008 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2(d) to the consolidated financial statements which indicates that as at 30 April 2008, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by HK$398 million respectively. These conditions, together with the other matters as set forth in note 2(d) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern."

BUSINESS AND FINANCIAL REVIEW

Trading in the Shares on the Stock Exchange has been suspended since 14 May 2007 at the request of the SFC.

For the year ended 30 April 2008, lacking of the necessary working capital support, most of the subsidiaries of the Company ceased operations during the year. The Directors considered that the control over two subsidiaries of the Company, namely Housely Industries and Dongguan Kalee, have been lost during the year. Accordingly, the results, assets and liabilities of these two subsidiaries were not included into the consolidated financial statements of the Group with effect from 1 February 2008 and 1 May 2007 respectively. Therefore, the Group recorded a turnover of approximately HK$1 million only for the year ended 30 April 2008, representing a decrease of approximately 99% compared with last year. The Group recorded a loss of approximately HK$2 million this year and was in substantial financial difficulties.

IMPORTANT EVENTS AND PROSPECTS

The Company submitted the Resumption Proposal to the Stock Exchange and the SFC on 30 September 2008. As part of the Resumption Proposal, the Board proposed to undergo the debt restructuring by way of schemes of arrangement with the creditors of the Company to revitalize the Company and settle the Company's indebtedness.

To fulfil the funding needs for implementation of the Schemes and to provide general working capital for the Group's operations, the Company proposed to issue zero coupon convertible notes with an aggregate principal amount of HK$84.4 million by way of the Open Offer.

Upon the completion of the debt restructuring and the Open Offer, additional working capital will be injected into the Group and the Directors are optimistic about the Group's future prospect. The Directors are looking for new business opportunities that offer better returns for our shareholders and are confident that the Group's business will recover gradually.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had total cash and bank balances of approximately HK$0.06 million as at 30 April 2008 (2007: approximately HK$7 million). Balance of bank overdrafts, bank borrowings and guarantor's liability were approximately HK$325 million as at 30 April 2008 (2007: approximately HK$318 million). The gearing ratio of the Group as at 30 April 2008 calculated as a ratio of total bank loans, bank overdrafts and guarantor's liability to total assets was approximately 24,234% (2007: approximately 242%). Net liabilities were approximately HK$398 million (2007: approximately HK$367 million).

The Group recorded total current asset value of approximately HK$1 million as at 30 April 2008 (2007: approximately HK$13 million) and total current liability value of approximately HK$399 million (2007: approximately HK$498 million). The current ratio of the Group, calculated by dividing the total current asset value by the total current liability value, was about 0.003 as at 30 April 2008 (2007: approximately 0.03).

The Group recorded a loss for the year ended 30 April 2008 and together with the release of translation reserve upon deconsolidation of subsidiaries attributed to a decrease in shareholders' funds to a negative value of approximately HK$398 million as at 30 April 2008 (2007: approximately HK$367 million).

FOREIGN EXCHANGE EXPOSURE

Transactions of the Group were mainly denominated in Hong Kong dollars. The Directors did not consider that the Group was significantly exposed to foreign exchange risk for the year.

TREASURY POLICIES

The Group's major borrowings are in Hong Kong dollars and variable interest rates. The Group currently did not have a foreign currency and interest rate hedging policy. However, the management of the Group monitored foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign currency and interest rate exposure should the need arise.

PLEDGE OF ASSETS

The Group had no pledged assets as at 30 April 2008.

INVESTMENTS

The Group had not held any significant investment for the year ended 30 April 2008.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group did not have any material acquisition or disposal of subsidiaries or associated companies during the year ended 30 April 2008.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 30 April 2008 are set out in note 3 to this announcement.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 April 2008.

STAFF AND REMUNERATION POLICIES

As at 30 April 2008, the Group had 5 employees (2007: 26 employees). The Group's total staff costs amounted to approximately HK$4 million (2007: HK$24 million) for the year ended 30 April 2008.

Competitive remuneration packages including discretionary bonus, retirement scheme benefits and share options are structured to commensurate with individual job duties, qualifications, performance and years of experience.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's interim and annual reports and financial statements. The Audit Committee has reviewed the audited annual results of the Group for the year ended 30 April 2008. The Audit Committee currently comprises the five independent non-executive Directors.

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

During the year ended 30 April 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code contained in Appendix 14 to the Listing Rules for the year ended 30 April 2008 except the following deviations:

1. **Code Provision A.1.1**

   The Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the year, due to the financial difficulties faced by the Group and resignation of some Directors, only two Board meetings were held during the year.

2. **Code Provision A.2**

The Company has not appointed any individual to take up the posts of the chief executive officer and chairman during the year and the daily operation and management of the Group was monitored by the directors as well as the senior management of the Group. The balance of power and authority was ensured by the operations of the Board and the Board considered that the current structure would not impair the balance and authority between the Board and the senior management of the Group.

3. **Code Provision A.3 and Rule 3.10 of the Listing Rules**

Every Board must include at least three independent non-executive Directors. After the resignation of Mr. Wu Wan Chung, Patrick on 11 April 2007, the Board consisted of only two independent non-executive Directors until the appointment of Mr. Chow Yiu Wah, Joseph as an independent non-executive Director on 5 December 2007. Since then, the Board has sufficient number of independent non-executive Directors.

4. **Code Provision A.4.1**

Non-executive Director should be appointed for specific term, subject to re-election. The non-executive Directors and independent non-executive Directors were not appointed for a specific term, but they were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company at least once every three years.

5. **Code Provision B.1.1**

A remuneration committee should be established with specific written terms of reference which deal clearly with its authority and duties. However, due to the financial difficulties faced by the Group and resignation of some Directors during the year, the remuneration committee of the Company did not hold any meeting during the year to discharge its responsibilities in accordance with its terms of reference which are set out in accordance with the requirements of the Listing Rules.

6. **Code Provision C2.1**

The Directors should at least annually conduct a review of the effectiveness of the system of internal control of the Group. During the year, due to the financial difficulties faced by the Group and resignation of some Directors, the Board did not conduct any review of the effectiveness of the system of internal control of the Group.

7. **Code Provision C3.3 and Rule 3.21 of the Listing Rules**

An audit committee should be established with specific written terms of reference which deal clearly with its duties. During the year, as the Company delayed in the publication of its interim and annual results, the Audit Committee only held one meeting to discuss the update of the Company status and delay in the publication of annual results and did not hold any meeting to discharge its responsibilities in relation to the review of the financial statements of the Company and the effectiveness of the system of internal control of the Group.

Au audit committee must comprise a minimum of three members, comprising non-executive Directors and independent non-executive Directors. During the year, the Audit Committee only comprised two independent non-executive Directors for approximately seven months until the appointment of Mr. Chow Yiu Wah, Joseph as an independent non-executive Director in December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for approving, among other things, the audited consolidated financial statements of the Group for the year ended 30 April 2008, will be held at 11:00 a.m. on 26 November 2008 details of which are set out in the notice of annual general meeting of the Company which will be published in due course.

By Order of the Board
Warderly International Holdings Limited
Hung Kwok Wa
Director

Hong Kong, 22 October 2008

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Hung Kwok Wa, Mr. Lau Man Tak, Ms. Li Shu Han, Eleanor Stella, Mr. Li Kai Yien, Arthur Albert and Ms. Seto Ying and five independent non-executive Directors, namely Mr. Lau Tai Chim, Mr. Tam Ping Kuen, Daniel, Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong.